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## AQUA PENNSYLVANIA, INC.

## 1-A WATER AND 1-B WASTEWATER REVENUE REQUIREMENT - SUMMARY

	Total Company	Water Operations	Wastewater Base Operations	Wastewater Limerick	Wastewater East Bradford	Wastewater Cheltenham	Wastewater East Norriton	Wastewater New Garden
Present Rate Revenue	\$ 546,806,061	\$ 509,746,949	\$ 19,011,761	\$ 3,978,573	\$ 1,014,569	\$ 7,258,740	\$ 2,923,770	\$ 2,871,698
Additional Revenue Requirement	97,684,824	65,279,187	16,926,261	5,947,094	816,876	3,057,334	2,907,165	2,750,907
Act 11 Allocation (1)	(0)	20,839,425	(13,451,997)	(2,977,700)	(457,861)	(515,804)	(1,749,281)	(1,686,782)
Proposed Revenues	<u>\$ 644,490,885</u>	<u>\$ 595,865,561</u>	<u>\$ 22,486,025</u>	<u>\$ 6,947,967</u>	<u>\$ 1,373,584</u>	<u>\$ 9,800,270</u>	<u>\$ 4,081,655</u>	<u>\$ 3,935,824</u>
Rate Increase/(Decrease) - \$	\$ 97,684,824	\$ 86,118,612	\$ 3,474,263	\$ 2,969,394	\$ 359,015	\$ 2,541,530	\$ 1,157,885	\$ 1,064,126
Rate Increase/(Decrease) - %	17.86%	16.89%	18.27%	74.63%	35.39%	35.01%	39.60%	37.06%

**Notes:**

- (1) The allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

AQUA PENNSYLVANIA, INC.

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES				PRESENT RATES		PRESENT RATES		PROPOSED RATES	
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Operating Revenues	\$ 481,417,225	\$ (917,379)	\$ 480,499,846	\$ 28,416,948	\$ 508,916,794	\$ 830,156	\$ 509,746,949	\$ 65,279,187	\$ 575,026,137	
2	Operating Expenses	113,746,122	(316,608)	113,429,515	746,143	114,175,658	2,317,270	116,492,928	334,387	116,827,315	
3	Depreciation	96,919,747	6,668,868	103,588,615	10,748,676	114,337,291	7,829,287	122,166,578		122,166,578	
4	Taxes, other than income :										
5	PUC assessment	1,903,497	270,165	2,173,662	128,551	2,302,214	3,755	2,305,969	295,307	2,601,276	
6	OCA & SBA assessments	761,600	121,648	883,248	52,236	935,484	1,526	937,010	119,995	1,057,005	
7	Public Utility Realty tax	4,653,302	146,698	4,800,000	-	4,800,000	-	4,800,000	-	4,800,000	
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-	
9	Local property taxes & misc.	1,073,227	-	1,073,227	-	1,073,227	-	1,073,227	-	1,073,227	
10	Federal & State payroll tax	2,674,810	172,352	2,847,162	241,213	3,088,375	75,280	3,163,655	-	3,163,655	
11	Total Taxes, other than income	11,066,436	710,864	11,777,300	422,000	12,199,300	80,562	12,279,861	415,302	12,695,163	
12	Utility Operating Income Before Tax	259,684,919	(7,980,503)	251,704,417	16,500,129	268,204,545	(9,396,963)	258,807,582	64,529,498	323,337,080	
13	Income Taxes:										
14	Federal Tax-Current	6,850,702	5,588,434	12,439,136	3,014,829	15,453,965	(2,381,089)	13,072,876	12,197,430	25,270,306	
15	Pa. CNI Tax-Current	3,372,696	2,075,199	5,447,895	1,585,982	7,033,877	(1,266,037)	5,767,840	6,446,497	12,214,337	
16	Federal Tax-Deferred	(5,044,566)	(7,496,586)	(12,541,152)	918,779	(11,622,373)	6,451,049	(5,171,324)	-	(5,171,324)	
17	Pa. CNI Tax-Deferred	(6,084,927)	833,948	(5,250,979)	-	(5,250,979)	4,813,398	(437,582)	-	(437,582)	
18	ITC-Current	-	-	-	-	-	-	-	-	-	
19	ITC-Amortized	(253,413)	-	(253,413)	-	(253,413)	-	(253,413)	-	(253,413)	
20	Total Income Taxes	(1,159,508)	1,000,995	(158,513)	5,519,589	5,361,076	7,617,321	12,978,397	18,643,927	31,622,324	
21	Total Operating Revenue Deductions	220,572,797	8,064,119	228,636,916	17,436,409	246,073,325	17,844,439	263,917,764	19,393,617	283,311,381	
22	Utility Operating Income	260,844,428	(8,981,498)	251,862,930	10,980,539	262,843,469	(17,014,284)	245,829,185	45,885,571	291,714,756	
23	Income Deductions:										
24	Interest on Long-Term debt	74,303,991	(9,865,879)	64,438,112	(36,216)	64,401,896	5,969,699	70,371,594		70,371,594	
25	Amort. Of debt discount & expense	685,307	(685,307)	-	-	-	-	-	-	-	
26	Other interest charges	(1,249)	1,249	-	-	-	-	-	-	-	
27	Interest during Construction	(5,222,031)	5,222,031	-	-	-	-	-	-	-	
28	Total Income Deductions	69,766,018	(5,327,906)	64,438,112	(36,216)	64,401,896	5,969,699	70,371,594	-	70,371,594	
29	Net Income	\$ 191,078,409	\$ (3,653,592)	\$ 187,424,818	\$ 11,016,756	\$ 198,441,573	\$ (22,983,982)	\$ 175,457,591	\$ 45,885,571	\$ 221,343,161	
30	Preferred Dividend										
31	Net Income-Common	\$ 191,078,409	\$ (3,653,592)	\$ 187,424,818	\$ 11,016,756	\$ 198,441,573	\$ (22,983,982)	\$ 175,457,591	\$ 45,885,571	\$ 221,343,161	

AQUA PENNSYLVANIA, INC.  
NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020	SERVED AT 3/31/2021	TO BE SERVED AT 3/31/2022	TO BE SERVED AT 3/31/2023	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Metered:							
2	Residential	398,180	400,887	401,624	402,361	402,250	-	111
3	Commercial	22,385	22,521	22,492	22,463	22,463	-	-
4	Industrial	740	728	728	728	728	-	-
5	Public	1,184	1,184	1,184	1,184	1,184	-	-
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	5,449	5,550	5,550	5,550	5,550	-	-
8	Sales to Water Utilities	10	13	13	13	13	-	-
9	Total Metered Customers	427,948	430,883	431,591	432,299	432,188	-	111
10	Other:							
11	Unmetered	2,801	2,246	2,246	2,246	2,229	-	17
12	Availability Charge	-	-	-	-	-	-	-
13	Public Fire Protection	268	267	267	267	267	-	-
14	Private Fire Protection	863	868	868	868	868	-	-
15	Total Customers	431,880	434,264	434,972	435,680	435,552	-	128

AQUA PENNSYLVANIA, INC.

CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN

AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	3,818,296,012
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	291,714,756
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	245,829,185
5	Operating Income Deficit		= \$	45,885,571
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4227
7	Revenue Deficit		= \$	65,279,187

AQUA PENNSYLVANIA, INC.

STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ 251,862,930	\$ 3,305,510,051	7.62%
2	Present Rates March 31, 2022	\$ 262,843,469	\$ 3,611,820,561	7.28%
3	Present Rates March 31, 2023	\$ 245,829,185	\$ 3,818,296,012	6.44%
4	Proposed Rates March 31, 2023	\$ 291,714,756	\$ 3,818,296,012	7.64%



AQUA PENNSYLVANIA, INC.

CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	0.512% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9885
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0988
9	State Factor	\$ 0.8898
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1869
12	Combined Income Tax Factor on Gross Revenues	28.56%
13	Net Operating Income Factor	70.29%
14	Gross Revenue Conversion Factor	1.42265

AQUA PENNSYLVANIA, INC.

STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED 3/31/21		PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		REVENUE RATE INCREASE		PROPOSED RATES	
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	(1)								%	\$			
1	Metered Sales:												
2	Residential	\$ 325,891,579	\$ (977,193)	\$ 324,914,386	\$ 8,043,792	\$ 332,958,178	\$ 877,063	\$ 333,835,241	13.2%	\$ 44,060,714	\$ 377,895,955		
3	Commercial	102,647,042	318,267	102,965,309	16,427,557	119,392,866	(46,908)	119,345,958	11.5%	13,735,508	133,081,466		
4	Industrial	18,610,915	(107,889)	18,503,026	1,256,044	19,759,071	-	19,759,071	11.0%	2,178,707	21,937,778		
5	Public	8,080,437	(19,316)	8,061,121	1,702,859	9,763,980	-	9,763,980	12.0%	1,170,369	10,934,349		
6	Bulk Water	147,688	-	147,688	137,044	284,733	-	284,733	0.0%		284,733		
7	Private Fire Protection	13,228,817	(37,568)	13,191,249	725,784	13,917,033	-	13,917,033	0.0%		13,917,033		
8	Sales to Water Utilities	2,850,487	(75,828)	2,774,659	729	2,775,388	-	2,775,388	2.7%	75,582	2,850,969		
9	Total Metered Sales	471,456,965	(899,527)	470,557,438	28,293,810	498,851,248	830,156	499,681,403	12.3%	61,220,879	560,902,283		
10	Other:												
11	Unmetered	31,674	(13,286)	18,388	898	19,286	-	19,286	-82.0%	(15,815)	3,472		
12	Availability Charge	-	-	-	-	-	-	-	0.0%		-		
13	Public Fire Protection	6,509,852	(2,990)	6,506,862	-	6,506,862	-	6,506,862	20.4%	1,327,612	7,834,474		
14	Private Fire Protection	2,116,796	(2,533)	2,114,263	122,239	2,236,503	-	2,236,503	122.8%	2,746,510	4,983,013		
15	Total Sales to General Customers	480,115,287	(918,336)	479,196,951	28,416,948	507,613,899	830,156	508,444,055	12.8%	65,279,187	573,723,242		
16	Other Water Revenue:												
17	Forfeited Discounts	-	-	-	-	-	-	-	0.0%		-		
18	Miscellaneous Service Revenue	1,301,938	957	1,302,895	-	1,302,895	-	1,302,895	0.0%		1,302,895		
19	Sub-Total	1,301,938	957	1,302,895	-	1,302,895	-	1,302,895	0.0%	-	1,302,895		
20	Total Operating Revenue	\$ 481,417,225	\$ (917,379)	\$ 480,499,846	\$ 28,416,948	\$ 508,916,794	\$ 830,156	\$ 509,746,949	12.8%	\$ 65,279,187	\$ 575,026,137		

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 481,417,225				
2	Present Rates at 3/31/21					\$ 480,499,846		
3	Present Rates at 3/31/22							\$ 508,916,794
4	Unbilled Revenue Adjustment	Schedule B-3	(843,239)		-		-	
5	DSIC Annualization	Schedule B-4	-		27,207,702		-	
6	Change In Customers	Schedule B-5	-		830,156		830,156	
7	Page Held For Future Use	Schedule B-6	-		-		-	
8	Covid Residential, Commercial & Public Usage Adjustment	Schedule B-7	-		(64,639)		-	
9	Miscellaneous Revenue Adjustments	Schedule B-8	(1,880)		-		-	
10	Specific Customer Adjustments	Schedule B-9	-		443,730		-	
11	Eliminate Belle Aire Acres And Twin Lakes Revenue	Schedule B-10	(72,260)		-		-	
12	Pro Forma Adjustment			<u>(917,379)</u>		<u>28,416,948</u>		<u>830,156</u>
13	Pro Forma Present Rates at March 31, 2021			<u>\$ 480,499,846</u>				
14	Pro Forma Present Rates at March 31, 2022					<u>\$ 508,916,794</u>		
15	Pro Forma Present Rates at March 31, 2023							<u>\$ 509,746,949</u>

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING REVENUES  
UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT
1	Metered Sales:	
2	Residential	\$ 914,902
3	Commercial	(318,267)
4	Industrial	107,889
5	Public	19,316
6	Bulk Water	-
7	Private Fire Protection	37,568
8	Sales to Water Utilities	75,828
9	Total Metered Sales	<u>837,236</u>
10	Other:	
11	Unmetered	480
12	Availability Charge	
13	Public Fire Protection	2,990
14	Private Fire Protection	2,533
15	Total Sales to General Customers	<u>843,239</u>
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	<u>-</u>
20	Total Operating Revenue	<u>\$ 843,239</u>

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for March 31, 2022 based on the Company's pro forma level at March 31, 2022 and the 7.50% rate that is expected to become effective on January 1, 2022.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 DSIC REVENUE	ANNUALIZED PRESENT RATES 3/31/2022 DSIC REVENUE	PRESENT RATES 3/31/2022 ADJUSTMENT
1	Metered Sales:			
2	Residential	\$ 5,101,983	\$ 23,297,602	\$ 18,195,619
3	Commercial	1,616,354	8,343,791	6,727,438
4	Industrial	246,843	1,159,875	913,031
5	Public	107,021	592,656	485,635
6	Bulk Water	2,320	-	(2,320)
7	Private Fire Protection	207,188	971,620	764,432
8	Sales to Water Utilities	155	884	729
9	Total Metered Sales	7,281,864	34,366,428	27,084,564
10	Other:			
11	Unmetered	337	1,235	898
12	Availability Charge	-	-	-
13	Public Fire Protection	-	-	-
14	Private Fire Protection	33,131	155,371	122,239
15	Total Sales to General Customers	7,315,332	34,523,034	27,207,702
16	Other Water Revenue:			
17	Forfeited Discounts	-	-	-
18	Miscellaneous Service Revenue	-	-	-
19	Sub-Total	-	-	-
20	Total Operating Revenue	\$ 7,315,332	\$ 34,523,034	\$ 27,207,702

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CHANGE IN CUSTOMERS

The following adjustment reflects the change in revenues due to the average change in number of customers during the three years ending March 31, 2023. Projections were based on a three year historical growth average exclusive of acquisitions.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES
		3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Metered Sales:		
2	Residential	\$ 877,063	\$ 877,063
3	Commercial	(46,908)	(46,908)
4	Industrial	-	-
5	Public		
6	Bulk Water		
7	Private Fire Protection	-	-
8	Sales to Water Utilities		
9	Total Metered Sales	830,156	830,156
10	Other:		
11	Unmetered		
12	Availability Charge		
13	Public Fire Protection		
14	Private Fire Protection		
15	Total Sales to General Customers	830,156	830,156
16	Other Water Revenue:		
17	Forfeited Discounts		
18	Miscellaneous Service Revenue		
19	Sub-Total	-	-
20	Total Operating Revenue	\$ 830,156	\$ 830,156

Docket No. R-2021-3027385  
Exhibit 1-A

Schedule B-6  
Witness: Erin M. Feeney

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING REVENUES  
PAGE HELD FOR FUTURE USE

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES
		3/31/2022 AMOUNT	3/31/2023 AMOUNT

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

COVID RESIDENTIAL, COMMERCIAL & PUBLIC USAGE ADJUSTMENT

The following adjustment is a normalization of revenue from  
the effects of COVID for residential, commercial and public usage.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 ADJUSTMENT
1	Metered Sales:	
2	Residential	\$ (11,028,890)
3	Commercial	9,747,027
4	Industrial	-
5	Public	1,217,224
6	Bulk Water	
7	Private Fire Protection	
8	Sales to Water Utilities	
9	Total Metered Sales	(64,639)
10	Other:	
11	Unmetered	
12	Availability Charge	
13	Public Fire Protection	
14	Private Fire Protection	
15	Total Sales to General Customers	(64,639)
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	-
20	Total Operating Revenue	\$ (64,639)



AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	3/31/2021 ADJUSTMENT	PRESENT RATES 3/31/2021 AMOUNT
1	Metered Sales:			
2	Residential		\$ -	\$ -
3	Commercial		-	-
4	Industrial		-	-
5	Public		-	-
6	Bulk Water		-	-
7	Private Fire Protection		-	-
8	Sales to Water Utilities		-	-
9	Total Metered Sales	-	-	-
10	Other:			
11	Unmetered (b)	3,079	(3,079)	-
12	Availability Charge	-	-	-
13	Public Fire Protection		-	-
14	Private Fire Protection		-	-
15	Total Sales to General Customers	3,079	(3,079)	-
16	Other Water Revenue:			
17	Forfeited Discounts		-	-
18	Miscellaneous Service Revenue (a)	(1,199)	1,199	-
19	Sub-Total	(1,199)	1,199	-
20	Total Operating Revenue	\$ 1,880	\$ (1,880)	\$ -

- (a) Eliminate STAS Refunds  
(b) Eliminate Backbills

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING REVENUES  
SPECIFIC CUSTOMER ADJUSTMENTS

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 ADJUSTMENT
1	Metered Sales:	
2	Residential	
3	Commercial	
4	Industrial	(a) 343,013
5	Public	
6	Bulk Water	(b) 139,364
7	Private Fire Protection	(c) (38,647)
8	Sales to Water Utilities	
9	Total Metered Sales	443,730
10	Other:	
11	Unmetered	
12	Availability Charge	
13	Public Fire Protection	
14	Private Fire Protection	
15	Total Sales to General Customers	443,730
16	Other Water Revenue:	
17	Forfeited Discounts	
18	Miscellaneous Service Revenue	
19	Sub-Total	-
20	Total Operating Revenue	\$ 443,730

- (a) Refer to AP Statement No. 2  
(b) Refer to AP Statement No. 2  
(c) Private Fire Adjustment

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ELIMINATE BELLE AIRE ACRES AND TWIN LAKES REVENUE

Beginning September 11, 2019, the Company was appointed receiver for the James Black Water Service Company (Belle Aire Acres) at Docket No. M-2019-3012563.

Beginning January 15, 2021, the Company was appointed receiver for Twin Lakes Utilities, Inc. at Docket No. P-2020-3020914.

The following adjustment removes the revenue collected from Belle Aire Acres and Twin Lakes during the test year which was recorded above the line. Refer to Schedule C-10.1 and Schedule C-10.2 of this exhibit for the removal of Belle Aire Acres and Twin Lakes expenses.

LINE NO.	DESCRIPTION	PER BOOKS	PER BOOKS		PRESENT RATES
		3/31/2021 AMOUNT	3/31/2021 AMOUNT	3/31/2021 ADJUSTMENT	3/31/2021 AMOUNT
		<b>Belle Aire Acres</b>	<b>Twin Lakes</b>		
1	Metered Sales:				
2	Residential	\$ -	\$ 62,291	\$ (62,291)	\$ -
3	Commercial	-	-	-	-
4	Industrial	-	-	-	-
5	Public	-	-	-	-
6	Bulk Water	-	-	-	-
7	Private Fire Protection	-	-	-	-
8	Sales to Water Utilities	-	-	-	-
9	Total Metered Sales	-	62,291	(62,291)	-
10	Other:				
11	Unmetered	9,727	-	(9,727)	-
12	Availability Charge	-	-	-	-
13	Public Fire Protection	-	-	-	-
14	Private Fire Protection	-	-	-	-
15	Total Sales to General Customers	9,727	62,291	(72,018)	-
16	Other Water Revenue:				
17	Forfeited Discounts	-	-	-	-
18	Miscellaneous Service Revenue	12	230	(242)	-
19	Sub-Total	12	230	(242)	-
20	Total Operating Revenue	\$ 9,738	\$ 62,521	\$ (72,260)	\$ -

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Source of Supply--				
2		-Operations-				
3	6011	Labor	292,035	288,804	309,579	318,403
4	6101	Purchased Water	4,791,932	4,791,932	4,452,810	4,148,780
5	6151	Purchased Power	7,373,465	7,371,695	6,644,934	6,428,515
6	6161	Purchased Power	219,873	219,928	198,259	218,458
7	6201	Supplies	52,346	52,346	53,262	54,168
8	6361	OS Other	79,718	78,788	80,167	81,529
9	6411	Leases	477,464	477,464	477,464	477,464
10		-Maintenance-				
11	6012	Labor	249,862	249,862	267,686	275,284
12	6202	Supplies	3,964	3,964	4,034	4,102
13	6312	OS Engineer	7,125	7,125	7,250	7,373
14	6362	OS Other	214,476	211,541	215,243	218,902
15	6752	Other	55	55	56	57
16						
17		Total Source of Supply Expense	\$ 13,762,316	\$ 13,753,505	\$ 12,710,744	\$ 12,233,035
18						
19		--Treatment--				
20		-Operations-				
21	6013	Labor	6,080,493	6,080,493	6,514,247	6,699,126
22	6153	Purchased Power	85,721	85,743	135,943	134,425
23	6163	Purchased Power	3,838	3,839	3,461	3,349
24	6183	Chemicals	5,136,752	5,301,552	5,522,607	5,731,075
25	6203	Supplies	443,518	443,518	451,280	458,951
26	6353	OS Lab Testing	289,102	288,252	293,297	298,283

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
27	6363	OS Other	689,939	689,939	702,013	713,947
28	6423	Leases	7,183	7,183	7,183	7,183
29	6753	Other	40,341	40,341	41,047	41,744
30		-Maintenance-				
31	6014	Labor	164,073	164,073	175,777	180,766
32	6204	Supplies	65,921	65,921	67,075	68,215
33	6354	OS Lab Testing	3,117	3,117	3,172	3,225
34	6364	OS Other	1,595,790	1,495,790	1,514,967	1,533,921
35	6424	Leases	2,250	2,250	2,250	2,250
36	6754	Other	7,410	7,410	7,540	7,668
37						
38		Total Treatment Expense	\$ 14,615,448	\$ 14,679,421	\$ 15,441,856	\$ 15,884,128
39						
40		--Transmission and Distribution--				
41		-Operations-				
42	6015	Labor	7,136,541	7,136,541	7,645,629	7,862,618
43	65052	Labor	578,011	578,011	619,244	636,819
44	6155	Purchased Power	1,312,423	1,312,754	1,183,407	1,144,897
45	6165	Purchased Power	3,037	3,038	2,738	2,649
46	6205	Supplies	1,471,011	1,142,900	1,162,901	1,182,671
47	6365	OS Other	534,460	534,460	543,813	553,058
48	6415	Leases	33,271	33,271	33,271	33,271
49	6505	Transportation	937,085	937,085	953,484	969,694
50	6755	Other	295	295	300	305
51		-Maintenance-				
52	6016	Labor	2,166,773	2,166,773	2,321,340	2,387,221

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
53	6206	Supplies	377,637	377,637	384,246	390,778
54	6366	OS Other	4,041,901	4,041,676	4,112,406	4,182,317
55	6756	Other	5,881	5,881	5,984	6,086
56						
57		Total Transmission and Distribution Expense	\$ 18,598,327	\$ 18,270,323	\$ 18,968,763	\$ 19,352,382
58						
59		--Customer Accounting--				
60	6017	Labor	638,825	638,825	684,396	703,820
61	6167	Purchased Power	2,807	2,807	2,531	2,448
62	6207	Supplies	168	168	171	174
63	6367	OS Other	8,315,346	8,315,346	8,925,135	9,141,079
64	6707	Bad Debt	2,450,534	2,425,823	2,570,882	2,574,635
65						
66		Total Customer Accounting Expense	\$ 11,407,680	\$ 11,382,969	\$ 12,183,115	\$ 12,422,156
67						
68		--Administrative and General--				
69	6018	Labor	13,519,479	13,519,479	14,483,895	14,894,959
70	6038	Labor	3,267,040	3,267,040	3,500,095	3,599,430
71	6048	Employee Benefits	20,952,571	20,297,760	17,870,162	17,954,696
72	6158	Purchased Power	276,945	277,015	249,720	241,594
73	6168	Purchased Power	101,335	101,360	91,373	88,400
74	6208	Supplies	95,775	95,775	97,451	99,108
75	6318	OS Engineer	150,764	150,764	153,403	156,010
76	6328	OS Accounting	702,666	702,666	714,962	727,117
77	6338	OS Legal	641,511	644,475	644,475	644,475
78	6349	Management Fees	17,186,644	17,186,644	17,667,130	18,159,655

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
79	6368	OS Other	1,378,237	1,503,237	1,604,544	1,706,821
80	6418	Leases	6,463	6,463	6,463	6,463
81	6428	Leases	33,243	33,243	33,243	33,243
82	6508	Transportation	81,146	81,146	82,566	83,970
83	6568	Insurance	245,055	245,055	222,715	235,327
84	6578	Insurance	3,099,817	3,099,817	3,756,142	3,987,744
85	6588	Insurance	1,242,300	1,242,300	1,031,812	1,088,288
86	6598	Insurance	1,359,289	1,359,289	1,384,511	1,465,917
87	6608	Other	213,232	213,232	216,963	295,651
88	6758	Other	2,708,463	3,072,684	3,126,456	3,179,606
89	67621	Labor	(2,110,682)	(2,110,682)	(2,147,619)	(2,184,129)
90	67622	Employee Benefits	(7,064,278)	(7,064,278)	(7,187,903)	(7,310,097)
91	67624	Other	(1,913,910)	(1,770,436)	(1,904,815)	(2,019,211)
92	6668	Amortization of Rate Case	476,456	476,456	484,794	679,553
93	4060	Amortization of UPAA	92,889	92,889	92,889	214,754
94	4048	Employee Benefits	(1,380,095)	(1,380,095)	(1,404,247)	(1,428,119)
95						
96		Total Admin & General Expense	\$ 55,362,351	\$ 55,343,296	\$ 54,871,180	\$ 56,601,227
97						
98		Total Operating Expenses	\$ 113,746,122	\$ 113,429,515	\$ 114,175,658	\$ 116,492,928

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 31,982,450	\$ (3,231)	\$ 31,979,219	\$ 2,395,051	\$ 34,374,270	\$ 1,000,047	\$ 35,374,317
2 Employee Benefits	12,508,197	(654,811)	11,853,386	(2,575,374)	9,278,012	(61,532)	9,216,479
3 Purchased Water	4,791,932	-	4,791,932	(339,122)	4,452,810	(304,030)	4,148,780
4 Purchased Wastewater	-	-	-	-	-	-	-
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	9,379,444	(1,264)	9,378,180	(865,814)	8,512,366	(247,632)	8,264,734
7 Chemicals	5,136,752	164,800	5,301,552	221,055	5,522,607	208,468	5,731,075
8 Supplies	2,510,342	(328,111)	2,182,231	38,189	2,220,420	37,747	2,258,167
9 OS Engineer	157,889	-	157,889	2,763	160,653	2,731	163,384
10 OS Accounting	702,666	-	702,666	12,297	714,962	12,154	727,117
11 OS Legal	641,511	2,964	644,475	-	644,475	-	644,475
12 OS Lab Testing	292,219	(850)	291,369	5,099	296,468	5,040	301,508
13 OS Other	16,849,868	20,910	16,870,778	827,509	17,698,287	433,287	18,131,574
14 Management Fees	17,186,644	-	17,186,644	480,486	17,667,130	492,525	18,159,655
15 Leases	559,874	-	559,874	-	559,874	-	559,874
16 Transportation	1,018,232	-	1,018,232	17,819	1,036,051	17,613	1,053,664
17 Insurance	5,946,460	-	5,946,460	448,720	6,395,180	382,097	6,777,277
18 Other	1,061,765	507,696	1,569,462	(75,931)	1,493,530	18,376	1,511,907
19 Bad Debt	2,450,534	(24,711)	2,425,823	145,059	2,570,882	3,754	2,574,635
20 Amortization of Rate Case	476,456	-	476,456	8,338	484,794	194,759	679,553
21 Amortization of UPAA	92,889	-	92,889	-	92,889	121,865	214,754
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	<u>\$ 113,746,122</u>		<u>\$ 113,429,515</u>		<u>\$ 114,175,658</u>		<u>\$ 116,492,928</u>
25 Pro Forma Adjustments		<u>\$ (316,608)</u>		<u>\$ 746,143</u>		<u>\$ 2,317,270</u>	
26 Uncollectibles @ Proposed Rates							\$ 334,387
27 Proposed Rates @ 3/31/23							<u>\$ 116,827,315</u>



AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 113,746,122				
2	Present Rates at 3/31/21					\$ 113,429,515		
3	Present Rates at 3/31/22							\$ 114,175,658
4	General Price Level Adjustment	Schedule C-4.1	-		437,288		427,047	
5	Uncollectible Accounts	Schedule C-4.2	4,114		145,564		4,252	
6	Additional Cost Of Serving Customers	Schedule C-4.3	-		-		65,789	
7	Rate Case Expense	Schedule C-4.4	-		-		194,618	
8	Payroll	Schedule C-4.5	-		2,419,558		1,024,271	
9	Insurance Expense	Schedule C-4.6	143,475		314,104		267,468	
10	Management Service & Sundry	Schedule C-4.7	-		374,672		387,935	
11	Customer Service & Sundry	Schedule C-4.8	-		528,230		128,139	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	198,749		75,000		150,000	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Amortization Of New Positive Acquisition Adjustments	Schedule C-5.1	-		-		121,865	
15	Purchased Power Expense	Schedule C-6.1	2,368		(924,399)		(275,216)	
16	Chemicals	Schedule C-6.2	164,800		183,022		189,341	
17	Purchased Water Expense	Schedule C-7.1	-		(339,122)		(317,499)	
18	Water Production Adjustment	Schedule C-7.2	-		96,682		-	
19	Dredging Expense	Schedule C-7.3	(100,000)		-		-	
20	Employee Group Insurance	Schedule C-8.1	85,978		236,346		284,500	
21	Pension	Schedule C-8.2	(75,031)		(2,310,000)		-	
22	Post Retirement Benefits	Schedule C-8.3	(554,257)		(556,755)		(317,672)	
23	401K Expense	Schedule C-8.4	64,581		198,357		34,644	
24	Remove Intracompany Benefits	Schedule C-8.5	(176,082)		(132,402)		(52,212)	
25	Legal Expense	Schedule C-9.1	2,964		-		-	
26	Eliminate NAWC Lobbying Expense	Schedule C-9.2	(37,175)		-		-	
27	Eliminate Belle Aire Acres Expenses	Schedule C-10.1	(3,661)		-		-	
28	Eliminate Twin Lakes Expenses	Schedule C-10.2	(37,430)		-		-	
29	Pro Forma Adjustments			\$ (316,608)		\$ 746,143		\$ 2,317,270
30	Pro Forma Present Rates at March 31, 2021			\$ 113,429,515				
31	Pro Forma Present Rates at March 31, 2022					\$ 114,175,658		
32	Pro Forma Present Rates at March 31, 2023							\$ 116,492,928

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 113,429,515	
3	Present Rates 3/31/2022		\$ 114,175,658
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	33,379,648	35,799,206
6	Employee Benefits	12,477,351	9,912,896
7	Purchased Water	4,791,932	4,452,810
8	Purchased Power	9,381,811	8,457,413
9	Chemicals	5,301,552	5,484,574
10	Supplies	-	-
11	OS Engineer	-	-
12	OS Accounting	-	-
13	OS Legal	644,475	644,475
14	OS Lab Testing	-	-
15	OS Other	4,054,793	4,583,022
16	Management Fees	11,140,134	11,514,806
17	Leases	559,874	559,874
18	Transportation	-	-
19	Insurance	5,946,460	6,395,180
20	Other	(1,783,938)	(1,918,554)
21	Bad Debt	2,454,648	2,600,211
22	Amortization of Rate Case	-	476,456
23	Amortization of UPAA	92,889	92,889
24	Amortization of Tank Painting	-	-
25	Amortization Other	-	-
26	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 88,441,627	\$ 89,055,256
27	Total Operating Expenses Subject to Effects of Inflation	\$ 24,987,888	\$ 25,120,402
28	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
29	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 437,288	\$ 427,047

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)			
1	Second Quarter	2021	1.900%	(a)
2	Third Quarter	2021	1.700%	(a)
3	Fourth Quarter	2021	1.700%	(a)
4	First Quarter	2022	1.700%	(b)
5	Annual Average for the Period Ending 3/31/2022			1.750%
6	Second Quarter	2022	1.700%	(b)
7	Third Quarter	2022	1.700%	(b)
8	Fourth Quarter	2022	1.700%	(b)
9	First Quarter	2023	1.700%	(c)
10	Annual Average for the Period Ending 3/31/2023			1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 0.51224% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 480,115,287	\$ 479,196,951	\$ 507,613,899	\$ 508,444,055
2	Annualized Uncollectible Account based on Experience Factor @ 0.51224%		2,454,648	2,600,211	2,604,463 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		2,450,534		
5	Less: Present Rates 3/31/2021			2,454,648	
6	Less: Present Rates 3/31/2022				2,600,211
7	Increase/(Decrease)		<u>\$ 4,114</u>	<u>\$ 145,564</u>	<u>\$ 4,252</u>
8	Pro Forma Adjustment:				
9	6707		\$ 4,114	\$ 145,564	\$ 4,252

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
DERIVATION OF UNCOLLECTIBLE ACCOUNTS  
BASED ON THREE YEARS OF HISTORY

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES		THREE YEAR AVERAGE
		3/31/2019 AMOUNT		3/31/2020 AMOUNT		3/31/2021 AMOUNT		
1	Net Write-Offs	\$ 2,185,786	\$	2,344,415	\$	2,450,534	\$	2,326,912
2	Sales to General Customers	\$ 423,708,500	\$	459,283,774	\$	480,115,287	\$	454,369,187
3	Factor	0.0051587		0.0051045		0.0051041		0.0051224

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADDITIONAL COST OF SERVING CUSTOMERS

The Company computes the additional cost of providing service to customers connected during the three years ending March 31, 2023, exclusive of acquisitions.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2023 AMOUNT
1	Estimated Additional Revenue from New Customers		
2	connected during the three years ended March 31, 2023	Schedule B-5	\$ 1,660,311
3	Operating Ratio		3.96%
4	Cost of Providing Service to New Customers		\$ 65,789
5	The operating ratio specifically related to the adjusted cost of serving new customers		
6	was computed as follows:		
7	Purchased Power Expense		\$ 8,182,196
8	Chemical Expense		5,673,915
9	Bill Processing & Postage Expense		2,206,957
10	Purchased Water Expense		<u>4,135,311</u>
11	Total		<u>\$ 20,198,379</u>
12	Total Water Sales at Present Rates	Schedule B-1	<u>\$ 509,746,949</u>
13	Operating Ratio		3.96%
14	Pro Forma Adjustment:		
15	6161		\$ 26,650
16	6183		\$ 18,481
17	6367		\$ 7,188
18	6101		<u>\$ 13,469</u>
19	Total		<u>\$ 65,789</u>

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of water customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Normalization Period		36 Months		
12			PRESENT RATES	PRESENT RATES	
13			3/31/2022	3/31/2023	
14			AMOUNT	AMOUNT	
15	Annual Expense on a 36 Month Normalized Basis	\$	476,456	\$ 671,073	‡
16	Less: Amount Charged to Operating Expense				
17	During the Twelve Months Ended 3/31/2021		476,456		
18	Less: Present Rates 3/31/2022			476,456	
19	Increase/(Decrease)	\$	-	\$ 194,618	
20	Pro Forma Adjustment:				
21	6668			\$ 194,618	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 18,837,686	\$ 20,868,401	\$ 21,495,994	
3	Capital Payroll	5,345,696	5,921,966	6,100,063	
4	Non-Operating Payroll	291,973	323,448	333,175	
5	Expense Payroll	13,200,016	14,622,987	15,062,757	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 1,422,970	\$ 439,770	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ 29,555,715	\$ 31,015,348	\$ 31,871,426	
9	Capital Payroll	9,071,592	9,519,600	9,782,358	
10	Non-Operating Payroll	304,491	319,529	328,348	
11	Expense Payroll	20,179,631	21,176,219	21,760,720	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 996,588	\$ 584,501	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 2,419,558</u>	<u>\$ 1,024,271</u>	
14	Pro Forma Adjustment:				
15	6011		\$ 20,725	\$ 8,774	
16	6012		\$ 17,733	\$ 7,507	
17	6013		\$ 431,527	\$ 182,678	
18	6014		\$ 11,644	\$ 4,929	
19	6015		\$ 506,474	\$ 214,405	
20	6016		\$ 153,774	\$ 65,097	
21	6017		\$ 45,337	\$ 19,192	
22	6018		\$ 959,465	\$ 406,170	
23	6038		\$ 231,859	\$ 98,153	
24	65052		\$ 41,021	\$ 17,365	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability		\$ 3,099,817	\$ 3,756,142	\$ 3,980,563	
2	Workers Compensation		1,242,300	1,031,812	1,093,460	
3	Vehicle		245,055	222,715	236,021	
4	Other (Exec Risk, Property, Surety Bond)		1,359,289	1,384,511	1,467,232	
5			<u>5,946,460</u>	<u>6,395,180</u>	<u>6,777,277</u>	‡
6	Capitalized portion not charged to operating expense	30.00%	(1,783,938)	(1,918,554)	(2,033,183)	‡
7	Subtotal Insurance		<u>\$ 4,162,522</u>	<u>\$ 4,476,626</u>	<u>\$ 4,744,094</u>	
8	Less: Amount Charged to Operating Expense					
9	During the Twelve Months Ended 3/31/2021		4,019,048			
10	Less: Present Rates 3/31/2021			4,162,522		
11	Less: Present Rates 3/31/2022				4,476,626	
12	Increase/(Decrease)		<u>\$ 143,475</u>	<u>\$ 314,104</u>	<u>\$ 267,468</u>	
13	Pro Forma Adjustment:					
14	6578		\$ -	\$ 656,325	\$ 224,421	
15	6588		\$ -	\$ (210,488)	\$ 61,648	
16	6568		\$ -	\$ (22,340)	\$ 13,307	
17	6598		\$ -	\$ 25,222	\$ 82,721	
18	67624		\$ 143,475	\$ (134,616)	\$ (114,629)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 11,140,134	\$ 11,140,134	\$ 11,514,806	‡
2	Payroll Increase		273,502	281,707	‡
3	Employee Benefit Insurance Increase		101,169	106,228	‡
4	Management Fees All Other	6,046,510	6,046,510	6,046,510	
5	Total Expense Claim	\$ 17,186,644	\$ 17,561,316	\$ 17,949,251	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	17,186,644			
8	Less: Present Rates 3/31/2021		17,186,644		
9	Less: Present Rates 3/31/2022			17,561,316	
10	Increase/(Decrease)	\$ -	\$ 374,672	\$ 387,935	
11	Pro Forma Adjustment:				
12	6349	\$ -	\$ 374,672	\$ 387,935	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 3,654,793	\$ 3,654,793	\$ 4,183,022	‡
2	Payroll Increase		367,284	94,043	‡
3	Employee Benefit Increase		160,945	34,096	‡
4	Customer Operations All Other	1,243,452	1,243,452	1,243,452	
5	Total Expense Claim	\$ 4,898,245	\$ 5,426,475	\$ 5,554,614	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	4,898,245			
8	Less: Present Rates 3/31/2021		4,898,245		
9	Less: Present Rates 3/31/2022			5,426,475	
10	Increase/(Decrease)	\$ -	\$ 528,230	\$ 128,139	
11	Pro Forma Adjustment:				
12	6367	\$ -	\$ 528,230	\$ 128,139	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	DEP Adjustment	\$ 10,000		
3	OM Other	\$ 396,470		
4	OM OS Other	\$ 125,000	\$ 75,000	\$ 75,000
5	US Customer Education and Outreach			\$ 75,000
6	<b>Deductions:</b>			
7	Fines	\$ (4,610)		
8	OM Supplies (Safety)	\$ (328,111)		
9	Increase/(Decrease)	<u>\$ 198,749</u>	<u>\$ 75,000</u>	<u>\$ 150,000</u>
10	Pro Forma Adjustment:			
11	6758	\$ 401,860	\$ -	
12	6368	\$ 125,000	\$ 75,000	\$ 75,000
13	6205	\$ (328,111)		
14	6608			\$ 75,000

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		3/31/2021	AMOUNT	3/31/2022	AMOUNT	3/31/2023	AMOUNT
1	Leases	\$	559,874	\$	559,874	\$	559,874 ‡
2	Total Specific Expenses Not Subject to Inflation	\$ 559,874		\$ 559,874		\$ 559,874	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

AMORTIZATION OF NEW POSITIVE ACQUISITION ADJUSTMENTS

The Company is proposing to amortize certain positive acquisition adjustments involving acquisitions that were closed after the last AP rate case was filed. Listed below is the first year amortization of the acquisition adjustments. A twenty year amortization period was selected similar to the treatment of prior acquisition adjustments approved by the Commission.

LINE NO.	DESCRIPTION	ORIGINAL ACQUISITION ADJUSTMENT	DATE OF OWNERSHIP	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Phoenixville Water	\$ 2,437,305	12/4/2019	\$ -	\$ -	\$ 121,865
2		<u>\$ 2,437,305</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,865</u>
3	Amortization Period	20 Years				
4	Annual Amortization	\$ 121,865				
5	Less: Amount Charged to Operating Expense					
6	During the Twelve Months Ended 3/31/2021			\$ -		
7	Less: Present Rates 3/31/2021				\$ -	
8	Less: Present Rates 3/31/2022					\$ -
9	Increase/(Decrease)			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,865</u>
10	Pro Forma Adjustment:					
11	4060			-	-	121,865

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 9,050,324	\$ 8,175,951	\$ 7,896,624	
2	Claimed Purchased Power Expense - Gas	331,488	281,461	285,573	
3		<u>\$ 9,381,811</u>	<u>\$ 8,457,413</u>	<u>\$ 8,182,196</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	9,379,444			
6	Less: Present Rates 3/31/2021		9,381,811		
7	Less: Present Rates 3/31/2022			8,457,413	
8	Increase/(Decrease)	<u>\$ 2,368</u>	<u>\$ (924,399)</u>	<u>\$ (275,216)</u>	
9	Pro Forma Adjustment:				
10	6151	\$ 1,861	\$ (726,698)	\$ (216,356)	
11	6153	\$ 22	\$ (8,448)	\$ (2,515)	
12	6155	\$ 331	\$ (129,347)	\$ (38,510)	
13	6158	\$ 70	\$ (27,295)	\$ (8,126)	
14	6161	\$ 56	\$ (21,670)	\$ (6,452)	
15	6163	\$ 1	\$ (378)	\$ (113)	
16	6165	\$ 1	\$ (299)	\$ (89)	
17	6167	\$ 1	\$ (277)	\$ (82)	
18	6168	\$ 26	\$ (9,987)	\$ (2,973)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	Southeastern Pennsylvania	109,844,928	\$ 7,468,927	109,844,928	\$ 6,585,218	109,844,928	\$ 6,303,077
2	PP&L	Southeastern Pennsylvania	291,307	\$ 25,597	291,307	\$ 22,563	291,307	\$ 21,927
3	MetEd	Southeastern Pennsylvania	1,628,191	\$ 158,024	1,628,191	\$ 148,291	1,628,191	\$ 147,231
4	PP&L	Roaring Creek	3,943,551	\$ 344,727	3,943,551	\$ 303,661	3,943,551	\$ 295,041
5	MetEd	Roaring Creek	206,315	\$ 18,169	206,315	\$ 16,936	206,315	\$ 16,802
6	Adams Co-op	Roaring Creek	66,528	\$ 7,906	66,528	\$ 8,072	66,528	\$ 8,242
7	PenElec	Susquehanna	650,302	\$ 61,734	650,302	\$ 54,737	650,302	\$ 53,980
8	TriCounty REC	Susquehanna	2,448	\$ 630	2,448	\$ 643	2,448	\$ 657
9	PenElec	Shenango	1,896,218	\$ 169,883	1,896,218	\$ 149,482	1,896,218	\$ 147,273
10	Penn Power	Shenango	8,541,471	\$ 581,442	8,541,471	\$ 529,205	8,541,471	\$ 522,164
11	United Electric Co-op	Shenango	72,993	\$ 9,519	72,993	\$ 9,718	72,993	\$ 9,923
12	West Penn Power	Shenango	153,626	\$ 13,642	153,626	\$ 12,754	153,626	\$ 10,090
13	PP&L	White Haven	6,121,336	\$ 535,180	6,121,336	\$ 471,437	6,121,336	\$ 458,056
14	UGI	White Haven	689,035	\$ 74,360	689,035	\$ 83,729	689,035	\$ 85,487
15	Claverack	White Haven	36,897	\$ 4,221	36,897	\$ 4,310	36,897	\$ 4,400
16	PenElec	White Haven	161,296	\$ 15,669	161,296	\$ 13,933	161,296	\$ 13,745
17	MetEd	White Haven	229,403	\$ 19,043	229,403	\$ 17,672	229,403	\$ 17,522
18	PJM Demand Response (CPower)	Southeastern Pennsylvania		\$ (78,916)		\$ (111,419)		\$ (74,000)
19	PA ACT 129 PECO Peak Response (CPower)	Southeastern Pennsylvania		\$ (89,446)		\$ -		\$ -
20	Constellation Energy Peak Response Rebate PECO	Southeastern Pennsylvania		\$ (258,626)		\$ (129,313)		\$ (129,313)
21	Constellation Energy Peak Response Rebate PPL	Roaring Creek		\$ (15,559)		\$ (7,780)		\$ (7,780)
22	Constellation Energy Peak Response Rebate Penn Power	Shenango		\$ (15,801)		\$ (7,900)		\$ (7,900)
23	Solar Generated Power	Pickering	1,844,686		1,840,281		1,831,080	
24	Solar Generated Power	Ingrams	1,119,623		1,201,783		1,195,774	
25				\$ 9,050,324		\$ 8,175,951		\$ 7,896,624



AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE THERMS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	Southeastern Pennsylvania	211,862	\$ 160,882	186,264	\$ 143,141	186,264	\$ 144,859
2	UGI Utilities, Inc.	Southeastern Pennsylvania	1,379	\$ 1,892	1,743	\$ 2,421	1,743	\$ 2,450
3	Central Penn Gas/UGI	Roaring Creek	10,929	\$ 9,364	8,735	\$ 7,573	8,735	\$ 7,664
4	COLUMBIA GAS OF Pa	Shenango	4,223	\$ 4,092	4,060	\$ 3,981	4,060	\$ 4,029
5	National Fuel/Marthon Energy	Shenango	44,780	\$ 24,022	49,161	\$ 26,689	49,161	\$ 27,009
6	UGI Utilities, Inc.	White Haven	6,110	\$ 6,664	4,590	\$ 5,066	4,590	\$ 5,127
	Direct Purchases - Fuel Oil, Propane, and							
7	Generator Diesel	All PA	-	\$ 123,053	-	\$ 91,747	-	\$ 93,582
8	Valley Energy	Susquehanna	2,177	\$ 1,519	1,193	\$ 842	1,193	\$ 852
9				<u>\$ 331,488</u>		<u>\$ 281,461</u>		<u>\$ 285,573</u>

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
CHEMICALS

The company utilizes various chemicals in the water treatment process. The chemical expense claim is based on the total production gallons for the twelve months ended March 31, 2021 multiplied by the normalized chemical treatment cost per million gallons. The cost per million gallons for the historic test year was increased by an average year over year growth rate to arrive at the treatment cost per million gallons for the future and fully projected future test years.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Chemical Treatment Cost Per Million Gallons	\$ 129.34	\$ 133.81	\$ 138.43
2	Claimed Production Sendout	40,988 MG		
3	Claimed Chemical Expense	\$ 5,301,552	\$ 5,484,574	\$ 5,673,915 ‡
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 3/31/2021	5,136,752		
6	Less: Present Rates 3/31/2021		5,301,552	
7	Less: Present Rates 3/31/2022			5,484,574
8	Increase/(Decrease)	<u>\$ 164,800</u>	<u>\$ 183,022</u>	<u>\$ 189,341</u>
9	Pro Forma Adjustment:			
10	6183	\$ 164,800	\$ 183,022	\$ 189,341

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WATER EXPENSE

The Company summarized the actual gallons and expenses from each of its purchased water vendors and projected the Future Test Year and Fully Projected Future Test Year expense claim using historical test year and future test year gallons, adjusted to reflect known changes in gallons purchased and new rates that are scheduled to be in effect during the future test years.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES	
		3/31/2022		3/31/2023	
		AMOUNT		AMOUNT	
1	Claimed Purchased Water Expense	\$	4,452,810	\$	4,135,311 ‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021		4,791,932		
4	Less: Present Rates 3/31/2022			4,452,810	
5	Increase/(Decrease)	\$	(339,122)	\$	(317,499)
6	Pro Forma Adjustment:				
7	6101	\$	(339,122)	\$	(317,499)

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WATER - DETAIL BY SUPPLIER

LINE NO.	Supplier	Account Name	PRESENT RATES 3/31/2019		PRESENT RATES 3/31/2020		PRESENT RATES 3/31/2021		PRESENT RATES 3/31/2022		PRESENT RATES 3/31/2023	
			GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$	GALLONS	AMOUNT \$
1	Aqua Ohio	Shenango	27,130,100	\$ 273,066	36,013,600	\$ 299,359	38,619,900	\$ 299,204	37,994,900	\$ 297,839	37,994,900	\$ 297,839
2	Can Do Inc - Water Division	Sand Springs	9,279,000	\$ 35,945	12,672,000	\$ 45,752	16,804,000	\$ 55,747	18,570,000	\$ 60,339	18,570,000	\$ 55,747
3	Chester Water Authority	Birney Highway	38,464,000	\$ 127,476	38,255,000	\$ 126,807	38,869,000	\$ 128,772	38,342,000	\$ 127,085	38,869,000	\$ 128,772
4	Chester Water Authority	Cheyney Rd	53,250,000	\$ 191,136	49,133,000	\$ 176,974	50,360,000	\$ 181,195	51,096,000	\$ 183,726	50,360,000	\$ 181,195
5	Chester Water Authority	Pocopson	-	\$ 4,391	-	\$ 4,391	-	\$ 4,391	-	\$ 4,391	-	\$ 4,391
6	Chester Water Authority	Ridley	143,834,000	\$ 420,760	137,471,000	\$ 401,172	-	\$ -	-	\$ -	-	\$ -
7	Downingtown Municipal Authority	Rock Raymond	79,165,000	\$ 79,905	86,283,000	\$ 87,544	82,828,000	\$ 85,515	85,201,000	\$ 88,835	82,828,000	\$ 86,767
8	Philadelphia Water Department	Miquon	1,568,556	\$ 12,933	924,528	\$ 9,177	1,785,476	\$ 14,223	1,765,280	\$ 14,104	1,785,476	\$ 14,223
9	Philadelphia Water Department	Tinicum and Cheltenham	458,400,000	\$ 3,397,936	462,000,002	\$ 3,796,649	530,700,000	\$ 3,853,227	552,400,002	\$ 3,553,098	530,700,000	\$ 3,240,464
10	Phoenixville Water	Schuylkill	941,000	\$ 1,882	646,000	\$ 1,292	1,553,000	\$ 4,394	2,160,000	\$ 6,480	2,129,000	\$ 6,387
11	Phoenixville Water	Upper Prov. And East Pikeland	-	\$ -	22,631,000	\$ 49,562	64,910,000	\$ 146,504	51,292,000	\$ 116,912	52,240,000	\$ 119,526
12	Total		812,031,656	\$ 4,545,429	846,029,130	\$ 4,998,677	826,429,376	\$ 4,773,172	838,821,182	\$ 4,452,810	815,476,376	\$ 4,135,311

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
WATER PRODUCTION ADJUSTMENT

The company is claiming an increase to the costs associated with increased production caused by the adjustment to consumption in the future and fully projected future test years.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	The production cost specifically related to the adjusted cost of the change in production			
2	was computed as follows:			
3	Purchased Power Expense	Schedule C-6.1	\$ 8,457,413	\$ 8,182,196
4	Chemical Expense	Schedule C-6.2	\$ 5,484,574	\$ 5,673,915
5			<u>\$ 13,941,987</u>	<u>\$ 13,856,111</u>
6	Estimated Production Gallons (Thousands)		40,988,000	40,988,000
7	Production Cost per 1,000 Gallons		\$ 0.34	\$ 0.34
8	Increased Gallons treated from COVID usage adjustment	Schedule B-7	284,234	-
9	Estimated Change in Production Gallons (Thousands)		<u>284,234</u>	<u>-</u>
10	Total Production Cost Increase / (Decrease)		\$ 96,682	\$ -
11	Pro Forma Adjustment:			
12	6153		\$ 58,648	\$ -
13	6183		\$ 38,033	\$ -

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
DREDGING EXPENSE

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Cost of Dredging at Crum Treatment Plant	\$ 1,200,000		
2	Occuring once every 3 Years			
3	Claimed Dredging Expense Amortization	\$ 400,000	\$ 400,000	\$ 400,000 ‡
4	Less: Amount Charged to Operating Expense During the Twelve Months Ended 3/31/2021	500,000		
5	Less: Present Rates 3/31/2021		400,000	
6	Less: Present Rates 3/31/2022			400,000
7	Increase/(Decrease)	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:			
9	6364	\$ (100,000)	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE GROUP INSURANCE

The Company offers group insurance coverage to all full time employees. The following amounts summarize the Company's estimated annualized group insurance expense, less the employee co-pay, and adjusted for the portion not charged to operations. This results from the calculation of group insurance levels projected to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Medical/Prescription/Vision	\$ 6,849,127	\$ 7,435,444	\$ 7,807,216	
2	Life/ADD/LTD	477,897	538,713	565,649	
3	Dental	463,923	154,426	162,148	
4		<u>7,790,947</u>	<u>8,128,584</u>	<u>8,535,013</u>	
5	Capitalized portion not charged to operating expense	30.00% (2,337,284)	(2,438,575)	(2,560,504)	
6	Sub-Total	<u>\$ 5,453,663</u>	<u>\$ 5,690,009</u>	<u>\$ 5,974,509</u>	‡
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	5,367,685			
9	Less: Present Rates 3/31/2021		5,453,663		
10	Less: Present Rates 3/31/2022			5,690,009	
11	Increase/(Decrease)	<u>\$ 85,978</u>	<u>\$ 236,346</u>	<u>\$ 284,500</u>	
12	Pro Forma Adjustment:				
13	6048	\$ 85,978	\$ 236,346	\$ 284,500	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
PENSION

The Company's pension expense claim is based on its analysis of ERISA minimum and IRS maximum deductible pension contribution data provided by its outside actuary, Towers Watson.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Aqua Pennsylvania's claim based on range of actuarial results	\$ 9,000,000	\$ 5,700,000	\$ 5,700,000	
2	Less: Capitalized Portion	30.00%			
3		<u>(2,700,000)</u>	<u>(1,710,000)</u>	<u>(1,710,000)</u>	
		\$ 6,300,000	\$ 3,990,000	\$ 3,990,000	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	6,375,031			
6	Less: Present Rates 3/31/2021		6,300,000		
7	Less: Present Rates 3/31/2022			3,990,000	
8	Increase/(Decrease)	<u>\$ (75,031)</u>	<u>\$ (2,310,000)</u>	<u>\$ -</u>	
9	Pro Forma Adjustment:				
10	6048	\$ (75,031)	\$ (2,310,000)	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
POST RETIREMENT BENEFITS

The following adjustment is based on the results of the most recent valuation of post-retirement benefits (SFAS 106) which was performed for AP by Towers Watson. Included in the claim is the amortization of the funding deficit that conforms to the Commission's 1997 Order at Docket No. R-00973952.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<u>SFAS 106</u>				
2	Annual Expense for Aqua PA Employees	\$ 1,288,268	\$ 492,904	\$ 492,904	
3	Funding Deficit (3/31/23 - 3/31/25) - 3 Year Amortization	\$ (1,361,450)		(453,817)	
4	Less: Capitalized Portion	30.00%	(386,480)	(147,871)	(11,726)
5		\$ 901,788	\$ 345,033	\$ 27,361	‡
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	1,456,044			
8	Less: Present Rates 3/31/2021		901,788		
9	Less: Present Rates 3/31/2022			345,033	
10	Increase/(Decrease)	\$ (554,257)	\$ (556,755)	\$ (317,672)	
11	Pro Forma Adjustment:				
12	6048	\$ (554,257)	\$ (556,755)	\$ (317,672)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES

401K Expense

The following adjustment is being made to annualize the employer 401k contributions, adjusted for the portion not charged to operating expense, based on the annualized compensation claim at March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Annualized 401k - Company Match		\$ 2,138,175	\$ 2,421,542	\$ 2,471,033	
2			2,138,175	2,421,542	2,471,033	
3	Capitalized portion not charged to operating expense	30.00%	(641,452)	(726,462)	(741,310)	
4	Sub-Total		\$ 1,496,722	\$ 1,695,079	\$ 1,729,723	‡
5	Less: Amount Charged to Operating Expense					
6	During the Twelve Months Ended 3/31/2021		1,432,142			
7	Less: Present Rates 3/31/2021			1,496,722		
8	Less: Present Rates 3/31/2022				1,695,079	
9	Increase/(Decrease)		<u>\$ 64,581</u>	<u>\$ 198,357</u>	<u>\$ 34,644</u>	
10	Pro Forma Adjustment:					
11	6048		\$ 64,581	\$ 198,357	\$ 34,644	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

REMOVE INTRACOMPANY BENEFITS

The Company charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is allocated based on approximately 60% of wastewater payroll expense. Refer to the Exhibits 1-B through 1-G, Schedule C-8.1 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Exhibit 1-B Wastewater Base - Schedule C-8.1	\$ (1,141,083)	\$ (1,228,289)	\$ (1,263,638)	
2	Exhibit 1-C WW LIMERICK - Schedule C-8.1	\$ (258,621)	\$ (275,981)	\$ (283,814)	
3	Exhibit 1-D WW EAST BRADFORD - Schedule C-8.1	\$ (86)	\$ (95)	\$ (98)	
4	Exhibit 1-E WW CHELTENHAM - Schedule C-8.1	\$ (195,681)	\$ (214,955)	\$ (221,338)	
5	Exhibit 1-F WW EAST NORRITON - Schedule C-8.1	\$ (72,937)	\$ (80,800)	\$ (83,230)	
6	Exhibit 1-G WW NEW GARDEN - Schedule C-8.1	\$ (6,414)	\$ (7,105)	\$ (7,319)	
7	Total Wastewater Intracompany Benefits	\$ (1,674,822)	\$ (1,807,225)	\$ (1,859,437)	‡
8	Less: Amount Charged to Operating Expense				
9	During the Twelve Months Ended 3/31/2021	(1,498,740)			
10	Less: Present Rates 3/31/2021		(1,674,822)		
11	Less: Present Rates 3/31/2022			(1,807,225)	
12	Increase/(Decrease)	<u>\$ (176,082)</u>	<u>\$ (132,402)</u>	<u>\$ (52,212)</u>	
13	Pro Forma Adjustment:				
14	6048	\$ (176,082)	\$ (132,402)	\$ (52,212)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

LEGAL EXPENSE

The Company incurs cost for general legal services during the normal course of business to protect and defend the Company's interests in a variety of legal matters. This adjustment normalizes the Company's legal expense claim experienced in the historic test year to levels that are expected to be realized during the first year rates are in effect and more in line with prior experience.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Legal Expense Claim (3 Year Average)	\$ 644,475	\$ 644,475	\$ 644,475	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	641,511			
4	Less: Present Rates 3/31/2021		644,475		
5	Less: Present Rates 3/31/2022			644,475	
6	Increase/(Decrease)	<u>\$ 2,964</u>	<u>\$ -</u>	<u>\$ -</u>	
7	Pro Forma Adjustment:				
8	6338	\$ 2,964	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE NAWC LOBBYING EXPENSE

This adjustment removes the lobbying expense portion, approximately 13%, of the National Association of Water Companies annual dues for the historic test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT
1	Claimed Lobbying Expense	\$ -
2	Less: Amount Charged to Operating Expense	
3	During the Twelve Months Ended 3/31/2021	37,175
4	Increase/(Decrease)	<u>\$ (37,175)</u>
5	Pro Forma Adjustment:	
6	6758	\$ (37,175)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE BELLE AIRE ACRES EXPENSES

Beginning September 3, 2019, the Company was appointed receiver for the JBW Water Service Company, which serves the community of Belle Aire Acres, at Docket No. M-2019-3012563. The following adjustment removes the expenses incurred from operating the water system serving Belle Aire Acres which were recorded above the line during the test year. Refer to Schedule B-10 of this exhibit for the removal of Belle Aire Acres revenues.

LINE NO.	DESCRIPTION	PRESENT RATES	
		3/31/2021	AMOUNT
1	Claimed Belle Aire Acres Water Expenses	\$	-
2	Less: Amount Charged to Operating Expense		
3	During the Twelve Months Ended 3/31/2021		3,661
4	Increase/(Decrease)	\$	<u>(3,661)</u>
Pro Forma Adjustment:			
5	6151		(1,964)
6	6353		(850)
7	6362		(380)
8	6707		(467)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE TWIN LAKES EXPENSES

Beginning January 15, 2021, the Company was appointed receiver for the Twin Lakes Water System at Docket No. P-2020-3020914. The following adjustment removes the expenses incurred from operating the Twin Lakes Water System which were recorded above the line during the test year. Refer to Schedule B-10 of this exhibit for the removal of Twin Lakes revenues.

LINE NO.	DESCRIPTION	PRESENT RATES	
		3/31/2021	AMOUNT
1	Claimed Twin Lakes Water Expenses	\$	-
2	Less: Amount Charged to Operating Expense		
3	During the Twelve Months Ended 3/31/2021		37,430
4	Increase/(Decrease)	\$	<u>(37,430)</u>
Pro Forma Adjustment:			
5	6011		(3,231)
6	6151		(1,668)
7	6361		(930)
8	6362		(2,555)
9	6366		(225)
10	6758		(463)
11	6707		(28,358)

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 103,588,615	\$ 114,337,291	\$ 122,166,578
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	96,919,747		
4	Less: Present Rates 3/31/2021		103,588,615	
5	Less: Present Rates 3/31/2022			114,337,291
6	Increase/(Decrease)	<u>\$ 6,668,868</u>	<u>\$ 10,748,676</u>	<u>\$ 7,829,287</u>
7	Pro Forma Adjustment:			
8		\$ 6,668,868	\$ 10,748,676	\$ 7,829,287



AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT	ADJUSTMENT	PROPOSED RATES AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 11,066,436						
2	Present Rates at 3/31/21				\$ 11,777,300				
3	Present Rates at 3/31/22						\$ 12,199,300		
4	Present Rates at 3/31/23								\$ 12,279,861
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	270,165		128,551		3,755		295,307	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	121,648		52,236		1,526		119,995	
7	Public Utility Realty Tax	146,698		-		-		-	
8	Pennsylvania Property Tax	-		-		-		-	
9	Payroll Taxes	172,352		241,213		75,280			
10	Pro Forma Adjustment		\$ 710,864		\$ 422,000		\$ 80,562		\$ 415,302
11	Pro Forma Present Rates at March 31, 2021		<u>\$ 11,777,300</u>						
12	Pro Forma Present Rates at March 31, 2022				<u>\$ 12,199,300</u>				
13	Pro Forma Present Rates at March 31, 2023						<u>\$ 12,279,861</u>		
14	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 12,695,163</u>

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 480,499,846	\$ 508,916,794	\$ 509,746,949	\$ 575,026,137
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	2,173,662	2,302,214	2,305,969	2,601,276
4	Total General Assessment Fees	\$ 2,173,662	\$ 2,302,214	\$ 2,305,969	\$ 2,601,276
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	1,903,497			
7	Less: Present Rates 3/31/2021		2,173,662		
8	Less: Present Rates 3/31/2022			2,302,214	
9	Less: Present Rates 3/31/2023				2,305,969
10	Increase/(Decrease)	<u>\$ 270,165</u>	<u>\$ 128,551</u>	<u>\$ 3,755</u>	<u>\$ 295,307</u>
11	Pro Forma Adjustment:				
12	4081	\$ 270,165	\$ 128,551	\$ 3,755	\$ 295,307

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues		\$ 480,499,846	\$ 508,916,794	\$ 509,746,949	\$ 575,026,137
2	Estimated General Assessment Fee:					
3	Consumer Advocate Fee At	0.001625725256	781,161	827,359	828,708	934,835
4	Small Business Advocate Fee At	0.000184760982	88,778	94,028	94,181	106,242
5	Damage Prevention Fee At	0.000027700326	13,310	14,097	14,120	15,928
6	Total General Assessment Fees		\$ 883,248	\$ 935,484	\$ 937,010	\$ 1,057,005
7	Less: Amount Charged to Taxes Other Than Income					
8	During the Twelve Months Ended 3/31/2021		761,600			
9	Less: Present Rates 3/31/2021			883,248		
10	Less: Present Rates 3/31/2022				935,484	
11	Less: Present Rates 3/31/2023					937,010
12	Increase/(Decrease)		<u>\$ 121,648</u>	<u>\$ 52,236</u>	<u>\$ 1,526</u>	<u>\$ 119,995</u>
13	Pro Forma Adjustment:					
14	4081		\$ 121,648	\$ 52,236	\$ 1,526	\$ 119,995

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

PURTA for the future test year and fully projected future test year are based on the year 2020 estimated tax liability.  
This is the latest statement that the Company has received from the Commonwealth of Pennsylvania.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	4,653,302		
4	Less: Present Rates 3/31/2021		4,800,000	
5	Less: Present Rates 3/31/2022			4,800,000
6	Increase/(Decrease)	<u>\$ 146,698</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ 146,698	\$ -	\$ -

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ 1,073,227	\$ 1,073,227	\$ 1,073,227
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	1,073,227		
4	Less: Present Rates 3/31/2021		1,073,227	
5	Less: Present Rates 3/31/2022			1,073,227
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PAYROLL TAXES

The following adjustment is being made to annualize payroll tax expense based on the annualized compensation claim made at March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	FICA OASDI		\$ 3,312,385	\$ 3,397,035
2	FICA Medicare		795,677	818,448
3	FICA Total	3,788,374	4,108,062	4,215,483
4	FUTA	26,111	26,971	26,982
5	SUTA	252,889	276,931	277,043
6	Annualized Payroll Taxes	4,067,375	4,411,965	4,519,508
7	Capitalized portion not charged to operating expense 30.00%	(1,220,212)	(1,323,589)	(1,355,852)
8	Sub-Total	\$ 2,847,162	\$ 3,088,375	\$ 3,163,655
9	Less: Amount Charged to Taxes Other Than Income			
10	During the Twelve Months Ended 3/31/2021	2,674,810		
11	Less: Present Rates 3/31/2021		2,847,162	
12	Less: Present Rates 3/31/2022			3,088,375
13	Increase/(Decrease)	\$ 172,352	\$ 241,213	\$ 75,280
14	Pro Forma Adjustment:			
15	40812	\$ 172,352	\$ 241,213	\$ 75,280

AQUA PENNSYLVANIA, INC.  
INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23			
2 Capital Structure	\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate	
3 Long-term Debt	\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%	
4 Common Equity	\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%	
5	\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%	
6	PRESENT RATES			PRESENT RATES			PRESENT RATES			
7 Calculation of Interest:	3/31/21			3/31/22			3/31/23			
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$ 3,305,510,051		Schedule G-1 Col 4, Row 15	\$ 3,611,820,561		Schedule G-1 Col 5, Row 15	\$ 3,818,296,012		
9 Applicable Percentage		48.25%			44.47%			46.08%		
10 Applicable Portion of Rate Base		\$ 1,595,002,775			\$ 1,606,032,310			\$ 1,759,289,859		
11 Cost Rate		4.04%			4.01%			4.00%		
12 Pro-Forma Long-term Interest Expense		\$ 64,438,112			\$ 64,401,896			\$ 70,371,594		
13 Less: Interest on Long Term Debt Per Books 3/31/21		74,303,991								
14 Less: Interest on Long Term Debt Present Rates at 3/31/21					64,438,112					
15 Less: Interest on Long Term Debt Present Rates at 3/31/22								64,401,896		
16 Long Term Debt Pro Forma Adjustment		\$ (9,865,879)			\$ (36,216)			\$ 5,969,699		

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

Since the debt discount and expense is considered in calculating the cost rate of debt used to calculate interest on long-term debt, it should be eliminated.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ 685,307	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	(685,307)	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ (685,307)	\$ -	\$ -



AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

Other Interest Charges for the year ending March 31, 2021 were principally for funds borrowed through bank loans to finance the Company's capital expenditures. The bank loans outstanding are anticipated to be refinanced with long-term debt prior to the end of the future test year. Therefore, the interest on bank loans is eliminated.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ (1,249)	\$ -	\$ -
2	Eliminate Other Interest Charges	1,249	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ 1,249	\$ -	\$ -

AQUA PENNSYLVANIA, INC.  
NOTES TO STATEMENT OF INCOME  
INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (5,222,031)	\$ -	\$ -
2	Eliminate Interest During Construction	5,222,031	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 5,222,031	\$ -	\$ -

AQUA PENNSYLVANIA, INC.

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ 12,439,136	\$ 15,453,965	\$ 13,072,876	\$ 25,270,306
2	Less: Per Book	Schedule A-1	6,850,702			
3	Less: Present Rates at 3/31/21			12,439,136		
4	Less: Present Rates at 3/31/22				15,453,965	
5	Less: Present Rates at 3/31/23					13,072,876
6	Pro Forma Adjustment		<u>\$ 5,588,434</u>	<u>\$ 3,014,829</u>	<u>\$ (2,381,089)</u>	<u>\$ 12,197,430</u>
7	State Income Tax - Current	Schedule F-2	\$ 5,447,895	\$ 7,033,877	\$ 5,767,840	\$ 12,214,337
8	Less: Per Book	Schedule A-1	3,372,696			
9	Less: Present Rates at 3/31/21			5,447,895		
10	Less: Present Rates at 3/31/22				7,033,877	
11	Less: Present Rates at 3/31/23					5,767,840
12	Pro Forma Adjustment		<u>\$ 2,075,199</u>	<u>\$ 1,585,982</u>	<u>\$ (1,266,037)</u>	<u>\$ 6,446,497</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ (12,541,152)	\$ (11,622,373)	\$ (5,171,324)	\$ (5,171,324)
14	Less: Per Book	Schedule A-1	(5,044,566)			
15	Less: Present Rates at 3/31/21			(12,541,152)		
16	Less: Present Rates at 3/31/22				(11,622,373)	
17	Less: Present Rates at 3/31/23					(5,171,324)
18	Pro Forma Adjustment		<u>\$ (7,496,586)</u>	<u>\$ 918,779</u>	<u>\$ 6,451,049</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ (5,250,979)	\$ (5,250,979)	\$ (437,582)	\$ (437,582)
20	Less: Per Book	Schedule A-1	(6,084,927)			
21	Less: Present Rates at 3/31/21			(5,250,979)		
22	Less: Present Rates at 3/31/22				(5,250,979)	
23	Less: Present Rates at 3/31/23					(437,582)
24	Pro Forma Adjustment		<u>\$ 833,948</u>	<u>\$ -</u>	<u>\$ 4,813,398</u>	<u>\$ -</u>
25	Income Tax Credit Amortization	Schedule F-2	\$ (253,413)	\$ (253,413)	\$ (253,413)	\$ (253,413)
26	Less: Per Book	Schedule A-1	(253,413)			
27	Less: Present Rates at 3/31/21			(253,413)		
28	Less: Present Rates at 3/31/22				(253,413)	
29	Less: Present Rates at 3/31/23					(253,413)
30	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA, INC.  
COMPUTATION OF FEDERAL AND STATE INCOME TAXES  
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ 251,704,417	\$ 251,704,417	\$ 268,204,545	\$ 268,204,545	\$ 258,807,582	\$ 258,807,582	\$ 323,337,080	\$ 323,337,080
2 Interest Expense	Schedule A-1	(64,438,112)	(64,438,112)	(64,401,896)	(64,401,896)	(70,371,594)	(70,371,594)	(70,371,594)	(70,371,594)
3 State Income Tax	[11]	(5,447,895)		(7,033,877)		(5,767,840)		(12,214,337)	
4 Tax Repair Deduction		(151,448,045)	(151,448,045)	(154,600,000)	(154,600,000)	(154,600,000)	(154,600,000)	(154,600,000)	(154,600,000)
5 Book Depreciation	Schedule A-1	103,588,615	103,588,615	114,337,291	114,337,291	122,166,578	122,166,578	122,166,578	122,166,578
6 Tax Depreciation		(74,724,997)	(84,873,388)	(82,915,753)	(93,130,763)	(87,982,934)	(98,266,432)	(87,982,934)	(98,266,432)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ 59,233,982</u>	<u>\$ 54,533,487</u>	<u>\$ 73,590,311</u>	<u>\$ 70,409,177</u>	<u>\$ 62,251,792</u>	<u>\$ 57,736,134</u>	<u>\$ 120,334,793</u>	<u>\$ 122,265,632</u>
8 Income Tax Rate		<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>
9 Pro Forma Income Tax : Current	[7] * [8]	12,439,136	5,447,895	15,453,965	7,033,877	13,072,876	5,767,840	25,270,306	12,214,337
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ 12,439,136</u>	<u>\$ 5,447,895</u>	<u>\$ 15,453,965</u>	<u>\$ 7,033,877</u>	<u>\$ 13,072,876</u>	<u>\$ 5,767,840</u>	<u>\$ 25,270,306</u>	<u>\$ 12,214,337</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ (37,642,216)	\$ (52,562,356)	\$ (37,642,216)	\$ (52,562,356)	\$ (3,136,851)	\$ (4,380,196)	\$ (3,136,851)	\$ (4,380,196)
14 Income Tax Rate		<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	(7,904,865)	(5,250,979)	(7,904,865)	(5,250,979)	(658,739)	(437,582)	(658,739)	(437,582)
16 Normalized Book Depreciation		(74,660,870)		(83,058,552)		(88,536,184)		(88,536,184)	
17 Normalized Tax Depreciation		69,625,884		77,689,464		82,812,103		82,812,103	
18 Income Tax Rate		<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>	<u>21.00%</u>	<u>9.99%</u>
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	(1,057,347)	-	(1,127,509)	-	(1,202,057)	-	(1,202,057)	-
20 Flowback of TRA-86		(57,648)		(57,648)		(57,648)		(57,648)	
21 Flowback of TCJA 2017 (ARAM) - Protected		(3,764,040)		(2,775,100)		(3,495,629)		(3,495,629)	
22 Flowback of TCJA 2017 - 10 Years		<u>242,749</u>		<u>242,749</u>		<u>242,749</u>		<u>242,749</u>	
23 Total Flow Through		(3,578,940)	-	(2,589,999)	-	(3,310,529)	-	(3,310,529)	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ (12,541,152)</u>	<u>\$ (5,250,979)</u>	<u>\$ (11,622,373)</u>	<u>\$ (5,250,979)</u>	<u>\$ (5,171,324)</u>	<u>\$ (437,582)</u>	<u>\$ (5,171,324)</u>	<u>\$ (437,582)</u>
25 Amortization of Income Tax Credit		(253,413)		(253,413)		(253,413)		(253,413)	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (355,429)</u>	<u>\$ 196,916</u>	<u>\$ 3,578,179</u>	<u>\$ 1,782,897</u>	<u>\$ 7,648,139</u>	<u>\$ 5,330,258</u>	<u>\$ 19,845,569</u>	<u>\$ 11,776,755</u>

AQUA PENNSYLVANIA, INC.

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 4,909,729,427	\$ 5,275,773,051	\$ 5,562,077,614
2 Utility Plant Acquisition Adjustment	Schedule G-3	4,421,548	6,449,839	5,918,960
3		4,914,150,975	5,282,222,890	5,567,996,574
4 Less: Accumulated Depreciation	Schedule G-2	(1,033,505,442)	(1,101,367,115)	(1,187,649,009)
5 Net Plant in Service		<u>3,880,645,533</u>	<u>4,180,855,775</u>	<u>4,380,347,565</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	8,452,883	7,672,303	7,672,303
8 Cash Working Capital	Schedule G-5	1,576,000	1,576,000	1,576,000
9		<u>10,028,883</u>	<u>9,248,303</u>	<u>9,248,303</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	(184,419,150)	(181,255,810)	(178,784,735)
12 Deferred Income Taxes	Schedule G-7	(400,745,215)	(397,027,707)	(392,515,121)
13 Investment Tax Credit		-	-	-
14		<u>(585,164,365)</u>	<u>(578,283,517)</u>	<u>(571,299,856)</u>
15 Total Rate Base		<u>\$ 3,305,510,051</u>	<u>\$ 3,611,820,561</u>	<u>\$ 3,818,296,012</u>

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 4,909,729,427	\$ 4,909,729,427	\$ 5,275,773,051
2	Plus: Additions		402,940,579	314,771,304
3	Less: Retirements		(36,896,955)	(28,466,740)
4	Utility Plant in Service	<u>\$ 4,909,729,427</u>	<u>\$ 5,275,773,051</u>	<u>\$ 5,562,077,614</u>
5	Accumulated Depreciation	<u>\$ (1,033,505,442)</u>	<u>\$ (1,101,367,115)</u>	<u>\$ (1,187,649,009)</u>

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

The following adjustment reflects the recognition of the positive Utility Plant Acquisition Adjustments (UPAA) associated with the acquisition of various water utility assets pursuant to the terms of the Commission-approved settlement of the Company's rate cases at Docket Nos. R-00038805, R-00051030, R-00072711, R-2009-2132019, and R-2018-3003558. In addition, the Company is requesting recognition of the positive UPAA associated with its acquisitions of the water assets for Phoenixville.

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		FTY AMORTIZATIONS	PRESENT RATES		FPFTY AMORTIZATIONS	PRESENT RATES	
						3/31/2021 BALANCE			3/31/2022 BALANCE			3/31/2023 BALANCE	
1	N.U.I.	R-00038805	\$ 1,221,535	6/26/2002	8/04 - 7/24	\$ 203,589	\$	61,077	\$ 142,513	\$	61,077	\$ 81,436	
2	White Rock	R-00038805	227,554	11/22/2002	8/04 - 7/24	37,926		11,378	26,548		11,378	15,170	
3	Marienville	R-00051030	467,205	3/30/2004	7/06 - 6/26	122,642		23,360	99,282		23,360	75,922	
4	Meribah	R-00051030	13,387	3/31/2004	7/06 - 6/26	3,514		669	2,845		669	2,175	
5	Hex Acres	R-00051030	85,923	4/30/2004	7/06 - 6/26	22,555		4,296	18,259		4,296	13,963	
6	Tambur	R-00051030	36,314	4/30/2004	7/06 - 6/26	9,532		1,816	7,717		1,816	5,901	
7	Barret Water	R-00051030	34,881	4/30/2004	7/06 - 6/26	9,157		1,744	7,412		1,744	5,668	
8	Oneida	R-00051030	76,172	6/24/2004	7/06 - 6/26	19,995		3,809	16,187		3,809	12,378	
9	Christian Springs	R-00051030	6,055	8/19/2004	7/06 - 6/26	1,589		303	1,287		303	984	
10	Stanton	R-00051030	41,903	2/25/2005	7/06 - 6/26	11,000		2,095	8,905		2,095	6,809	
11	Meadowcrest	R-00051030	101,156	8/18/2005	7/06 - 6/26	26,554		5,058	21,496		5,058	16,438	
12	Garbush	R-00072711	65,216	10/19/2005	8/08 - 7/28	24,184		3,261	20,924		3,261	17,663	
13	C S Water	R-00072711	887,125	1/20/2006	8/08 - 7/28	325,280		44,356	280,924		44,356	236,568	
14	Country Club Gardens	R-00072711	60,900	11/28/2006	8/08 - 7/28	22,330		3,045	19,285		3,045	16,240	
15	Lakeside Acres	R-00072711	108,602	12/19/2007	8/08 - 7/28	39,821		5,430	34,390		5,430	28,960	
16	Honesdale	R-2009-2132019	1,521,927	9/30/2008	7/10 - 6/30	703,891		76,096	627,795		76,096	551,698	
17	Washington Park (1)	R-2009-2132019	(11,493)	3/31/2009	7/10 - 6/30	(5,315)		(575)	(4,741)		(575)	(4,166)	
18	Sleepy Hollow (1)	R-2009-2132019	(99,921)	3/31/2009	7/10 - 6/30	(46,213)		(4,996)	(41,217)		(4,996)	(36,221)	
19	Clarendon	R-2009-2132019	201,107	4/30/2009	7/10 - 6/30	93,012		10,055	82,957		10,055	72,902	
20	Kratzerville	R-2009-2132019	56,599	5/29/2009	7/10 - 6/30	26,177		2,830	23,347		2,830	20,517	
21	Treasure Lake	R-2018-3003558	3,024,801	2/28/2013	4/19 - 3/39	2,722,321		151,240	2,571,081		151,240	2,419,841	
22	Mt Jewett Water	R-2018-3003558	49,459	5/5/2015	4/19 - 3/39	44,513		2,473	42,040		2,473	39,567	
23	Sun Valley Water	R-2018-3003558	3,883	1/29/2018	4/19 - 3/39	3,495		194	3,300		194	3,106	
24	Phoenixville Water	Seeking Approval	2,437,305	12/4/2019	4/22 - 3/42				2,437,305		121,865	2,315,440	
25	Effect to Rate Base Element		<u>\$ 10,617,596</u>			<u>\$ 4,421,548</u>	<u>\$ 409,014</u>	<u>\$ 6,449,839</u>	<u>\$ 530,879</u>		<u>\$ 5,918,960</u>		

(1) Washington Park and Sleepy Hollow are exceptions to the treatment of negative acquisition adjustments as provided for in Section 1327 of the Public Utility Code because it was stipulated in the order approving their acquisition (Docket No. A-230550F2000) that rate base for rate making purposes would be limited to purchase price. To accomplish that requirement, the negative acquisition adjustment had to be included as a deduction to rate base.

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

The Company's claim for materials and supplies at March 31, 2022 and March 31, 2023 is calculated on the basis of the average monthly balances in the materials and supplies account during the period March 2020 to March 2021.

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ 7,668,104
2	April	2020	7,996,802
3	May	2020	7,589,392
4	June	2020	7,664,437
5	July	2020	8,047,562
6	August	2020	7,975,340
7	September	2020	7,981,194
8	October	2020	7,362,605
9	November	2020	6,945,331
10	December	2020	6,695,112
11	January	2021	7,656,146
12	February	2021	7,705,033
13	March	2021	8,452,883
14	Total		<u>\$ 99,739,941</u>
15	13 Month Average		\$ 7,672,303
16	Allowance for Materials & Supplies		
17	At 3/31/2022 and 3/31/2023		<u><u>\$ 7,672,303</u></u>



AQUA PENNSYLVANIA, INC.  
NOTES TO RATE BASE ELEMENTS  
CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 5,976,000	\$ 5,976,000	\$ 5,976,000
2	Cash Working Capital - Taxes	Schedule G-5.3	4,315,000	4,315,000	4,315,000
3	Cash Working Capital - Interest	Schedule G-5.4	(8,715,000)	(8,715,000)	(8,715,000)
4	Total Cash Working Capital Requirement		\$ 1,576,000	\$ 1,576,000	\$ 1,576,000

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ 31,388,579
2	April	2020	33,327,926
3	May	2020	34,923,666
4	June	2020	37,250,432
5	July	2020	40,311,394
6	August	2020	39,611,861
7	September	2020	36,184,759
8	October	2020	36,917,148
9	November	2020	36,372,748
10	December	2020	37,070,707
11	January	2021	45,613,384
12	February	2021	39,410,006
13	March	2021	30,210,500
14	Total		<u>\$ 478,593,108</u>
15	Average Accounts Receivable Balance		\$ 36,814,854
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 481,417,225</u>
16	Average Daily Billing		\$ 1,318,951
18	Lag in Receipt of Payment		27.9
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>45.1</u></u>

Reference:

(a) One-half of monthly billing period.

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 21,760,720	7.5	(a)	\$ 163,205,398
2	Non-Union Labor	15,062,757	11.0	(b)	165,690,324
3	Management Fee	18,159,655	16.0	(d)	290,554,473
4	Electric Power	8,264,734	20.7	(c)	171,298,103
5	Water Purchased	4,148,780	32.5	(c)	135,036,987
6	Employee Group Insurance	5,974,509	16.0	(d)	95,592,144
7	Liability Insurance	6,777,277	(1.4)	(c)	(9,283,677)
8	SFI Postage	1,344,879	(8.0)	(c)	(10,706,644)
9	Pension	3,990,000	300.6	(c)	1,199,377,034
10	SFAS106	27,361	365.7	(e)	10,005,097
11	All Other Expenses (g)	27,513,314	25.5	(f)	701,589,500
12	Total	<u>\$ 113,023,985</u>			<u>\$ 2,912,358,739</u>
13	Average Lag Days in Payment of Expenses		<u>25.8</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>45.1</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>19.3</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 309,655	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 5,976,337	[16] * [18]	
20	USE		<u>\$ 5,976,000</u>	* Rounded to nearest thousandth	

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 2,305,969	(197.5)	(a)	\$ (455,428,901)
2	OCA & SBA - General Assessments	937,010	(197.5)	(a)	(185,059,474)
3	Public Utility Realty Tax	4,800,000	(11.3)	(a)	(54,240,000)
4	Local, County, School, & Municipal Tax	1,073,227	(167.0)	(a)	(179,228,851)
5	FICA Taxes - Hourly	2,479,989	8.5		21,079,905
6	FICA Taxes - Executive & Exempt	1,735,494	12.0		20,825,925
7	Federal Unemployment Tax	26,982	75.0		2,023,650
8	PA Unemployment Tax	277,043	75.0		20,778,244
9	PA State Income Tax	5,767,840	45.2	(a)	260,706,360
10	Federal Income Tax	13,072,876	33.4	(a)	436,634,069
11	Total	<u>\$ 32,476,430</u>			<u>\$ (111,909,073)</u>
12	Average Lag Days in Payment of Taxes		<u>(3.4)</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>45.1</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>48.5</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ 88,977	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 4,315,361	[15] * [17]	
19	USE		<u>\$ 4,315,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Long Term Debt- Interest	\$ 69,499,551	91.3	(a)	\$ 6,341,834,013
2	PennVest-Interest	872,044	15.2	(b)	13,262,329
3	Total	<u>\$ 70,371,594</u>			<u>\$ 6,355,096,342</u>
4	Average Lag Days in Payment of Interest		<u>90.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>45.1</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(45.2)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 192,799		
10	Cash Working Capital Required		\$ (8,714,510)		
11	USE		<u>\$ (8,715,000)</u>	* Rounded to nearest thousandth	

Reference:

- (a) Paid Semi-Annually
- (b) Paid Monthly

AQUA PENNSYLVANIA, INC.

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 184,419,150	\$ 184,419,150	\$ 181,255,810
2	Plus: Contributions		278,600	956,811
3	Less: Amortization		(3,441,940)	(3,427,886)
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (184,419,150)</u>	<u>\$ (181,255,810)</u>	<u>\$ (178,784,735)</u>

AQUA PENNSYLVANIA, INC.  
NOTES TO RATE BASE ELEMENTS  
DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ 400,745,215	\$ 400,745,215	\$ 397,027,707
2	Change in Deferred Tax	Schedule F-2		(3,717,508)	(4,512,586)
3	Deferred Income Taxes		<u>\$ (400,745,215)</u>	<u>\$ (397,027,707)</u>	<u>\$ (392,515,121)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASETABLE OF CONTENTS TO EXHIBIT 1-B WASTEWATER BASE

	Schedule	Witness
<b>A Summary</b>		
Pro Forma Statement Of Income For The Twelve Months Ending March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	A-1	William C. Packer
Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates March 31, 2023	A-3	William C. Packer
Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended March 31, 2021 And Anticipated Under Present And Proposed Rates For The Test Years Ended March 31, 2022 And March 31, 2023	A-4	William C. Packer
Calculation Of Gross Revenue Conversion Factor	A-5	William C. Packer
<b>B Operating Revenues</b>		
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Summary Of Adjustments To Operating Revenues	B-2	Erin M. Feeney
Operating Revenues - Unbilled Revenue Adjustment	B-3	Erin M. Feeney
Operating Revenues - DSIC Annualization	B-4	Erin M. Feeney
Operating Revenues - Change In Customers	B-5	Erin M. Feeney
Operating Revenues - Eliminate North Heidelberg Revenue	B-6	William C. Packer
Operating Revenues - Miscellaneous Revenue Adjustments	B-7	Erin M. Feeney
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Operating Expenses - Inflation Factor Calculation	C-4.1.i	Christopher E. Manning
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Operating Expenses - Insurance Expense	C-4.6	Christopher M. Henkel
Operating Expenses - Management Service & Sundry	C-4.7	William C. Packer
Operating Expenses - Customer Service & Sundry	C-4.8	William C. Packer
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Operating Expenses - Page Held For Future Use	C-5.1	N/A
Operating Expenses - Purchased Power Expense	C-6.1	Christopher M. Henkel



AQUA PENNSYLVANIA WASTEWATER, INC. - BASETABLE OF CONTENTS TO EXHIBIT 1-B WASTEWATER BASE

	Schedule	Witness
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Taxes Other Than Income - Public Utility Realty Tax	D-2.3	Erin M. Feeney
Taxes Other Than Income - Pennsylvania Property Tax	D-2.4	Erin M. Feeney
<b>E Interest Expense</b>		
Interest On Long-Term Debt	E-1	William C. Packer
Amortization Of Debt Issuance & Premium/Discount On Debt	E-2	William C. Packer
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<b>F Income Taxes</b>		
Summary Of Adjustments To Income Taxes	F-1	Christine Saball
Computation Of Federal And State Income Taxes Under Present And Proposed Rates	F-2	Christine Saball
<b>G Rate Base</b>		
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Rate Base - Utility Plant In Service & Accumulated Depreciation	G-2	Erin M. Feeney & John J. Spanos
Rate Base - Utility Plant Acquisition Adjustments	G-3	Erin M. Feeney
Rate Base - Materials And Supplies	G-4	William C. Packer
Rate Base - Cash Working Capital Summary	G-5	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Receipt Of Revenue	G-5.1	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Taxes	G-5.3	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Interest	G-5.4	William C. Packer
Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Erin M. Feeney & John J. Spanos
Rate Base - Deferred Income Taxes	G-7	Christine Saball

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES				PRESENT RATES				PRESENT RATES				PROPOSED RATES	
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	RATES AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)					
1	Operating Revenues	\$ 18,335,514	\$ (99,284)	\$ 18,236,230	\$ 694,961	\$ 18,931,192	\$ 80,570	\$ 19,011,761	\$ 16,926,261	\$ 35,938,022					
2	Operating Expenses	9,861,717	(549,934)	9,311,783	331,789	9,643,571	230,790	9,874,361	202,084	10,076,445					
3	Depreciation	5,692,168	194,143	5,886,311	986,446	6,872,757	907,259	7,780,016		7,780,016					
4	Taxes, other than income :														
5	PUC assessment	86,034	(3,538)	82,496	3,144	85,640	364	86,005	76,570	162,575					
6	OCA & SBA assessments	34,548	(1,026)	33,522	1,277	34,799	148	34,947	31,114	66,061					
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-					
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-					
9	Local property taxes & misc.	175,853	-	175,853	-	175,853	-	175,853	-	175,853					
10	Federal & State payroll tax	-	-	-	-	-	-	-	-	-					
11	Total Taxes, other than income	296,435	(4,564)	291,871	4,421	296,292	513	296,805	107,684	404,489					
12	Utility Operating Income Before Tax	2,485,194	261,071	2,746,265	(627,695)	2,118,571	(1,057,992)	1,060,579	16,616,492	17,677,072					
13	Income Taxes:														
14	Federal Tax-Current	467,457	(2,290,368)	(1,822,911)	(94,243)	(1,917,154)	(315,995)	(2,233,149)	3,140,866	907,717					
15	Pa. CNI Tax-Current	150,744	(1,313,041)	(1,162,297)	146,814	(1,015,483)	(167,007)	(1,182,491)	1,659,988	477,497					
16	Federal Tax-Deferred	188,838	838,461	1,027,299	18,947	1,046,246	93,360	1,139,605	-	1,139,605					
17	Pa. CNI Tax-Deferred	(218,035)	178,620	(39,415)	-	(39,415)	36,130	(3,285)	-	(3,285)					
18	ITC-Current	-	-	-	-	-	-	-	-	-					
19	ITC-Amortized	-	-	-	-	-	-	-	-	-					
20	Total Income Taxes	589,004	(2,586,328)	(1,997,325)	71,518	(1,925,807)	(353,513)	(2,279,319)	4,800,854	2,521,534					
21	Total Operating Revenue Deductions	16,439,324	(2,946,684)	13,492,640	1,394,174	14,886,814	785,049	15,671,863	5,110,622	20,782,485					
22	Utility Operating Income	1,896,191	2,847,400	4,743,590	(699,213)	4,044,377	(704,479)	3,339,899	11,815,639	15,155,537					
23	Income Deductions:														
24	Interest on Long-Term debt	12,946	3,099,061	3,112,007	67,807	3,179,813	476,222	3,656,035		3,656,035					
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-					
26	Other interest charges	-	-	-	-	-	-	-	-	-					
27	Interest during Construction	(672,579)	672,579	-	-	-	-	-	-	-					
28	Total Income Deductions	(659,633)	3,771,640	3,112,007	67,807	3,179,813	476,222	3,656,035	-	3,656,035					
29	Net Income	\$ 2,555,824	\$ (924,240)	\$ 1,631,584	\$ (767,019)	\$ 864,564	\$ (1,180,700)	\$ (316,136)	\$ 11,815,639	\$ 11,499,503					
30	Preferred Dividend														
31	Net Income-Common	\$ 2,555,824	\$ (924,240)	\$ 1,631,584	\$ (767,019)	\$ 864,564	\$ (1,180,700)	\$ (316,136)	\$ 11,815,639	\$ 11,499,503					

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (1)	SERVED AT 3/31/2021 (2)	TO BE SERVED AT 3/31/2022 (3)	TO BE SERVED AT 3/31/2023 (4)	INCREASED BILLS (5)	DECREASED BILLS (6)	UNCHANGED BILLS (7)
1	Residential	15,677	15,773	15,865	15,957	15,616	70	271
2	Commercial	701	695	695	695	694	-	1
3	Industrial	1	1	1	1	1	-	-
4	Public	35	35	35	35	35	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	16,414	16,504	16,596	16,688	16,346	70	272

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	198,372,990
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	15,155,537
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	3,339,899
5	Operating Income Deficit		= \$	11,815,639
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	16,926,261

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ 4,743,590	\$ 159,637,968	2.97%
2	Present Rates March 31, 2022	\$ 4,044,377	\$ 178,331,943	2.27%
3	Present Rates March 31, 2023	\$ 3,339,899	\$ 198,372,990	1.68%
4	Proposed Rates March 31, 2023	\$ 15,155,537	\$ 198,372,990	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT		%	\$	AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)	(11)	
1	Residential	\$ 13,046,418	\$ (261,464)	\$ 12,784,955	\$ 553,920	\$ 13,338,874	\$ 80,570	\$ 13,419,444	92.8%	\$	12,450,444	\$	25,869,889
2	Commercial	4,033,596	(51,029)	3,982,567	135,971	4,118,538	-	4,118,538	89.5%		3,684,719		7,803,257
3	Industrial	718	(2)	716	26	743	-	743	102.3%		760		1,503
4	Public	1,230,715	213,841	1,444,556	5,044	1,449,600	-	1,449,600	54.5%		790,338		2,239,938
5	Other	-	-	-	-	-	-	-	0.0%		-		-
6	Availability Charge	-	-	-	-	-	-	-	0.0%		-		-
7	Total Sales to General Customers	18,311,448	(98,654)	18,212,794	694,961	18,907,755	80,570	18,988,325	89.1%		16,926,261		35,914,586
8	Forfeited Discounts	23,947	(630)	23,317	-	23,317	-	23,317	0.0%				23,317
9	Other WW Revenues	120	-	120	-	120	-	120	0.0%				120
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%				-
11	Total Other WW Revenues	24,066	(630)	23,436	-	23,436	-	23,436	0.0%		-		23,436
12	Total Operating Revenue	\$ 18,335,514	\$ (99,284)	\$ 18,236,230	\$ 694,961	\$ 18,931,192	\$ 80,570	\$ 19,011,761	89.0%	\$	16,926,261	\$	35,938,022

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 18,335,514				
2	Present Rates at 3/31/21					\$ 18,236,230		
3	Present Rates at 3/31/22							\$ 18,931,192
4	Unbilled Revenue Adjustment	Schedule B-3	(88,493)		-		-	
5	DSIC Annualization	Schedule B-4	-		614,392		-	
6	Change In Customers	Schedule B-5	-		80,570		80,570	
7	Eliminate North Heidelberg Revenue	Schedule B-6	(224,304)		-		-	
8	Miscellaneous Revenue Adjustments	Schedule B-7	213,513		-		-	
9	Pro Forma Adjustment			<u>(99,284)</u>		<u>694,961</u>		<u>80,570</u>
10	Pro Forma Present Rates at March 31, 2021			<u>\$ 18,236,230</u>				
11	Pro Forma Present Rates at March 31, 2022					<u>\$ 18,931,192</u>		
12	Pro Forma Present Rates at March 31, 2023							<u>\$ 19,011,761</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 40,519
2	Commercial	48,300
3	Industrial	2
4	Public	(328)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>88,493</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 88,493</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for March 31, 2022 based on the Company's pro forma level at March 31, 2022 and the 5.00% rate that is expected to become effective on January 1, 2022.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES
		3/31/2021 DSIC REVENUE	3/31/2022 DSIC REVENUE	3/31/2022 ADJUSTMENT
1	Residential	\$ 160,963	\$ 634,313	\$ 473,350
2	Commercial	46,602	182,573	135,971
3	Industrial	9	35	26
4	Public	1,708	6,752	5,044
5	Other	-	-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	209,282	823,674	614,392
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ 209,282	\$ 823,674	\$ 614,392

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

CHANGE IN CUSTOMERS

The following adjustment reflects the change in revenues due to the average change in number of residential customers during the three years ending March 31, 2023. Projections were based on a three year historical growth average exclusive of acquisitions.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES
		3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Residential	\$ 80,570	\$ 80,570
2	Commercial		
3	Industrial		
4	Public		
5	Other		
6	Availability Charge		
7	Total Sales to General Customers	80,570	80,570
8	Forfeited Discounts		
9	Other WW Revenues		
10	Miscellaneous WW Service Revenues		
11	Total Other WW Revenues	-	-
12	Total Operating Revenue	\$ 80,570	\$ 80,570

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ELIMINATE NORTH HEIDELBERG REVENUE

Beginning March 5, 2018, the Company was appointed receiver for the North Heidelberg Sewer Company at Docket No. M-2018-2645983.  
The following adjustment removes the revenue collected from North Heidelberg during the test year which was recorded above the line. Refer to Schedule C-9.1 of this exhibit for the removal of North Heidelberg expenses.

LINE NO.	DESCRIPTION	PER BOOKS		PRESENT RATES	
		3/31/2021 AMOUNT	3/31/2021 ADJUSTMENT	3/31/2021 AMOUNT	
1	Residential	\$ 220,945	\$ (220,945)	\$ -	
2	Commercial	2,729	(2,729)	-	
3	Industrial	-	-	-	
4	Public	-	-	-	
5	Other	-	-	-	
6	Availability Charge	-	-	-	
7	Total Sales to General Customers	223,674	(223,674)	-	
8	Forfeited Discounts	630	(630)	-	
9	Other WW Revenues	-	-	-	
10	Miscellaneous WW Service Revenues	-	-	-	
11	Total Other WW Revenues	630	(630)	-	
12	Total Operating Revenue	\$ 224,304	\$ (224,304)	\$ -	

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	3/31/2021 ADJUSTMENT	PRESENT RATES 3/31/2021 AMOUNT
1	Residential		\$ -	\$ -
2	Commercial		-	-
3	Industrial		-	-
4	Public		213,513	213,513
5	Other		-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	-	213,513	213,513
8	Forfeited Discounts		-	-
9	Other WW Revenues		-	-
10	Miscellaneous WW Service Revenues		-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ -	\$ 213,513	\$ 213,513

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21 (3)	PRESENT RATES 3/31/21 (4)	PRESENT RATES 3/31/22 (5)	PRESENT RATES 3/31/23 (6)
1	(1)	(2)				
2		--Collection--				
3		-Operations-				
4	7151	Purchased Power	896,658	931,994	842,321	831,466
5	7161	Purchased Power	54,838	58,417	52,957	51,848
6		-Maintenance-				
7	7202	Supplies	85	85	86	88
8	7362	OS Other	202,551	178,595	181,720	184,809
9		Total Collection Expense	\$ 1,154,131	\$ 1,169,090	\$ 1,077,084	\$ 1,068,211
10						
11		--Pumping--				
12		-Operations-				
13	7013	Labor	136,842	136,842	147,287	151,523
14	7153	Purchased Power	2,099	765	530	462
15	7163	Purchased Power	5,024	5,352	4,852	4,750
16	7183	Chemicals	479,713	536,551	536,551	541,099
17	7203	Supplies	130,713	127,870	130,108	132,320
18	7363	OS Other	200,229	175,287	178,354	181,386
19	7753	Other	200	200	204	207
20		-Maintenance-				
21	7014	Labor	2,529	2,529	2,722	2,800
22	7204	Supplies	909	909	925	941
23	7354	OS Lab Testing	409,718	401,587	408,615	415,561
24	7364	OS Other	224,773	153,071	155,749	158,397
25	7754	Other	970	970	987	1,004
26						
27		Total Pumping Expense	\$ 1,593,719	\$ 1,541,932	\$ 1,566,884	\$ 1,590,450
28						

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21 (3)	PRESENT RATES 3/31/21 (4)	PRESENT RATES 3/31/22 (5)	PRESENT RATES 3/31/23 (6)
29		--Treatment & Disposal--				
30		-Operations-				
31	7015	Labor	48,336	48,336	52,025	53,522
32	75052	Labor	2,221	2,221	2,391	2,459
33	7105	Purchased Wastewater	807,330	799,010	801,545	819,648
34	7115	Sludge	897,917	906,281	985,056	1,019,503
35	7205	Supplies	1,043	1,043	1,061	1,079
36	7365	OS Other	790,272	702,761	715,059	727,215
37	7505	Transportation	43,079	32,166	32,729	33,286
38		-Maintenance-				
39	7366	OS Other	471,184	418,151	425,469	432,702
40						
41		Total Treatment & Disposal Expense	\$ 3,061,381	\$ 2,909,968	\$ 3,015,335	\$ 3,089,413
42						
43		--Reclaimed Water Treatment--				
44		-Operations-				
45	7369	OS Other	160	160	163	166
46						
47		Total Reclaimed Water Treatment Expense	\$ 160	\$ 160	\$ 163	\$ 166
48						
49		--Customer Accounting--				
50	7017	Labor	5,763	5,763	6,203	6,381
51	7367	OS Other	371,363	326,058	350,003	359,192
52	7707	Bad Debt	418,817	217,335	225,630	226,590
53						
54		Total Customer Accounting Expense	\$ 795,943	\$ 549,156	\$ 581,837	\$ 592,163
55						
56		--Administrative and General--				
57	7018	Labor	1,709,057	1,706,573	1,836,986	1,889,852
58	7048	Employee Benefits	1,037,218	1,127,446	1,209,223	1,243,433
59	7328	OS Accounting	36,046	36,046	36,677	37,300
60	7338	OS Legal	(7,565)	(7,565)	(7,697)	(7,828)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
61	7349	Management Fees	835,039	675,988	694,888	714,262
62	7368	OS Other	393,594	357,803	364,064	370,253
63	7418	Leases	78,691	75,116	75,054	74,992
64	7508	Transportation	2,493	2,493	2,536	2,579
65	7578	Insurance	26,580	26,580	44,416	47,193
66	7588	Insurance	3,390	3,390	4,133	4,370
67	7598	Insurance	15,487	15,487	15,004	15,788
68	7758	Other	259,624	255,389	259,858	264,276
69	7608	Other	-	-	-	7,500
70	7668	Amortization of Rate Case	22,649	22,649	23,046	25,907
71	4060	Amortization of UPAA	(1,155,917)	(1,155,917)	(1,155,917)	(1,155,917)
72						
73		Total Admin & General Expense	\$ 3,256,383	\$ 3,141,476	\$ 3,402,269	\$ 3,533,958
74						
75		Total Operating Expenses	\$ 9,861,717	\$ 9,311,783	\$ 9,643,571	\$ 9,874,361



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 1,904,748	\$ (2,484)	\$ 1,902,264	\$ 145,350	\$ 2,047,615	\$ 58,924	\$ 2,106,538
2 Employee Benefits	1,037,218	90,228	1,127,446	81,776	1,209,223	34,210	1,243,433
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	807,330	(8,320)	799,010	2,535	801,545	18,103	819,648
5 Sludge	897,917	8,364	906,281	78,775	985,056	34,447	1,019,503
6 Purchased Power	958,620	37,908	996,527	(95,868)	900,660	(12,133)	888,526
7 Chemicals	479,713	56,838	536,551	-	536,551	4,548	541,099
8 Supplies	132,749	(2,842)	129,907	2,273	132,180	2,247	134,427
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	36,046	-	36,046	631	36,677	624	37,300
11 OS Legal	(7,565)	-	(7,565)	(132)	(7,697)	(131)	(7,828)
12 OS Lab Testing	409,718	(8,131)	401,587	7,028	408,615	6,946	415,561
13 OS Other	2,654,124	(342,240)	2,311,884	58,697	2,370,581	43,538	2,414,120
14 Management Fees	835,039	(159,051)	675,988	18,900	694,888	19,374	714,262
15 Leases	78,691	(3,574)	75,116	(63)	75,054	(62)	74,992
16 Transportation	45,571	(10,912)	34,659	607	35,265	600	35,865
17 Insurance	45,456	-	45,456	18,097	63,553	3,797	67,350
18 Other	260,794	(4,235)	256,559	4,490	261,049	11,938	272,986
19 Bad Debt	418,817	(201,482)	217,335	8,295	225,630	960	226,590
20 Amortization of Rate Case	22,649	-	22,649	396	23,046	2,861	25,907
21 Amortization of UPAA	(1,155,917)	-	(1,155,917)	-	(1,155,917)	-	(1,155,917)
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 9,861,717		\$ 9,311,783		\$ 9,643,571		\$ 9,874,361
25 Pro Forma Adjustments		\$ (549,934)		\$ 331,789		\$ 230,790	
26 Uncollectibles @ Proposed Rates							\$ 202,084
27 Proposed Rates @ 3/31/23							<u>\$ 10,076,445</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 9,861,717				
2	Present Rates at 3/31/21					\$ 9,311,783		
3	Present Rates at 3/31/22							\$ 9,643,571
4	General Price Level Adjustment	Schedule C-4.1	-		72,763		72,605	
5	Uncollectible Accounts	Schedule C-4.2	(201,372)		8,297		962	
6	Additional Cost Of Serving Customers	Schedule C-4.3	-		-		28,447	
7	Rate Case Expense	Schedule C-4.4	-		-		2,855	
8	Payroll	Schedule C-4.5	-		145,342		58,916	
9	Insurance Expense	Schedule C-4.6	(13,637)		12,668		2,658	
10	Management Service & Sundry	Schedule C-4.7	(159,051)		14,747		15,269	
11	Customer Service & Sundry	Schedule C-4.8	(45,304)		20,752		5,034	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	11,976		62,915		16,870	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	62,549		(95,436)		(19,389)	
16	Chemicals	Schedule C-6.2	56,838		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	(8,320)		2,535		11,214	
18	Employee Benefits	Schedule C-8.1	103,865		87,205		35,349	
19	Eliminate North Heidelberg Expenses	Schedule C-9.1	(357,477)		-		-	
20	Pro Forma Adjustments			\$ (549,934)		\$ 331,789		\$ 230,790
21	Pro Forma Present Rates at March 31, 2021			\$ 9,311,783				
22	Pro Forma Present Rates at March 31, 2022					\$ 9,643,571		
23	Pro Forma Present Rates at March 31, 2023							\$ 9,874,361

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 9,311,783	
3	Present Rates 3/31/2022		\$ 9,643,571
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	1,901,805	2,047,148
6	Employee Benefits	1,127,446	1,209,223
7	Purchased Wastewater	799,010	801,545
8	Sludge	-	-
9	Purchased Power	1,021,168	925,732
10	Chemicals	536,551	536,551
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	143,580	164,332
17	Management Fees	438,665	453,412
18	Leases	78,691	78,691
19	Transportation	-	-
20	Insurance	45,456	63,553
21	Other	-	-
22	Bad Debt	217,445	225,742
23	Amortization of Rate Case	-	22,649
24	Amortization of UPAA	(1,155,917)	(1,155,917)
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 5,153,900	\$ 5,372,660
28	Total Operating Expenses Subject to Effects of Inflation	\$ 4,157,882	\$ 4,270,911
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 72,763	\$ 72,605

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	Second Quarter	2021	1.900% (a)
2	Third Quarter	2021	1.700% (a)
3	Fourth Quarter	2021	1.700% (a)
4	First Quarter	2022	1.700% (b)
5	Annual Average for the Period Ending 3/31/2022		1.750%
6	Second Quarter	2022	1.700% (b)
7	Third Quarter	2022	1.700% (b)
8	Fourth Quarter	2022	1.700% (b)
9	First Quarter	2023	1.700% (c)
10	Annual Average for the Period Ending 3/31/2023		1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 33,551,045	\$ 18,212,794	\$ 18,907,755	\$ 18,988,325
2	Annualized Uncollectible Account based on Experience Factor @ 1.19391%		217,445	225,742	226,704 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		418,817		
5	Less: Present Rates 3/31/2021			217,445	
6	Less: Present Rates 3/31/2022				225,742
7	Increase/(Decrease)		<u>\$ (201,372)</u>	<u>\$ 8,297</u>	<u>\$ 962</u>
8	Pro Forma Adjustment:				
9	7707		\$ (201,372)	\$ 8,297	\$ 962

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
NOTES TO STATEMENT OF INCOME  
OPERATING EXPENSES  
DERIVATION OF UNCOLLECTIBLE ACCOUNTS  
BASED ON THREE YEARS OF HISTORY NORMALIZED

LINE NO.	DESCRIPTION	3/31/2019 AMOUNT	3/31/2020 AMOUNT	3/31/2021 AMOUNT	THREE YEAR AVERAGE
1	Net Write-Offs	\$ 157,468	\$ 191,032	\$ 435,145	
2	Sales to General Customers	\$ 13,398,038	\$ 17,218,493	\$ 33,551,045	
3	Factor	0.0117531	0.0110946	0.0129696	0.0119391

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ADDITIONAL COST OF SERVING CUSTOMERS

The Company computes the additional cost of providing service to customers connected during the three years ending March 31, 2023, exclusive of acquisitions.

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2023 AMOUNT
1	Estimated Additional Revenue from New Customers		
2	connected during the three years ended March 31, 2023	Schedule B-5	\$ 161,140
3	Operating Ratio		17.65%
4	Cost of Providing Service to New Customers		\$ 28,447
5	The operating ratio specifically related to the adjusted cost of serving new customers		
6	was computed as follows:		
7	Purchased Power Expense		\$ 906,343
8	Chemical Expense		536,551
9	Bill Processing & Postage Expense		117,737
10	Purchased Wastewater Expense		812,759
11	Sludge Expense		<u>982,909</u>
12	Total		<u>\$ 3,356,298</u>
13	Total Wastewater Sales at Present Rates	Schedule B-1	<u>\$ 19,011,761</u>
14	Operating Ratio		17.65%
15	Pro Forma Adjustment:		
16	7151		\$ 7,682
17	7183		\$ 4,548
18	7367		\$ 998
19	7105		\$ 6,889
20	7115		\$ 8,331
21	Total		\$ 28,447

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	3.48%	\$ 76,512	\$ 25,504	
12	Normalization Period		36 Months		
13			PRESENT RATES	PRESENT RATES	
14			3/31/2022	3/31/2023	
15			AMOUNT	AMOUNT	
16	Annual Expense on a 36 Month Normalized Basis	\$	22,649	\$ 25,504	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		22,649		
19	Less: Present Rates 3/31/2022			22,649	
20	Increase/(Decrease)	\$	-	\$ 2,855	
21	Pro Forma Adjustment:				
22	7668			\$ 2,855	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 1,050,701	\$ 1,163,968	\$ 1,198,973	
3	Capital Payroll	164,774	182,536	188,026	
4	Non-Operating Payroll	5,668	6,279	6,468	
5	Expense Payroll	880,260	975,152	1,004,479	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 94,893	\$ 29,327	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ 1,025,628	\$ 1,076,279	\$ 1,105,986	
9	Capital Payroll	2,219	2,328	2,393	
10	Non-Operating Payroll	1,863	1,955	2,009	
11	Expense Payroll	1,021,545	1,071,995	1,101,584	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 50,450	\$ 29,589	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 145,342</u>	<u>\$ 58,916</u>	
14	Pro Forma Adjustment:				
15	7013		\$ 10,442	\$ 4,233	
16	7014		\$ 193	\$ 78	
17	7015		\$ 3,688	\$ 1,495	
18	7017		\$ 440	\$ 178	
19	7018		\$ 130,410	\$ 52,863	
20	75052		\$ 169	\$ 69	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 26,580	\$ 44,416	\$ 47,069	
2	Workers Compensation	3,390	4,133	4,380	
3	Other (Exec Risk, Property, Surety Bond)	15,487	15,004	15,901	
4		<u>45,456</u>	<u>63,553</u>	<u>67,350</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (13,637)	(19,066)	(20,205)	‡
6	Subtotal Insurance	\$ 31,819	\$ 44,487	\$ 47,145	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	45,456			
9	Less: Present Rates 3/31/2021		31,819		
10	Less: Present Rates 3/31/2022			44,487	
11	Increase/(Decrease)	<u>\$ (13,637)</u>	<u>\$ 12,668</u>	<u>\$ 2,658</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 17,836	\$ 2,654	
14	7588	\$ -	\$ 743	\$ 247	
15	7598	\$ -	\$ (482)	\$ 896	
16	7048	\$ (13,637)	\$ (5,429)	\$ (1,139)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 438,665	\$ 438,665	\$ 453,412	‡
2	Payroll Increase		10,779	11,103	‡
3	Employee Benefit Insurance Increase		3,967	4,166	‡
4	Management Fees All Other	237,322	237,322	237,322	
5	Total Expense Claim	\$ 675,988	\$ 690,735	\$ 706,003	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	835,039			
8	Less: Present Rates 3/31/2021		675,988		
9	Less: Present Rates 3/31/2022			690,735	
10	Increase/(Decrease)	\$ (159,051)	\$ 14,747	\$ 15,269	
11	Pro Forma Adjustment:				
12	7349	\$ (159,051)	\$ 14,747	\$ 15,269	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 143,580	\$ 143,580	\$ 164,332	‡
2	Payroll Increase		14,429	3,695	‡
3	Employee Benefit Increase		6,323	1,339	‡
4	Customer Operations All Other	49,211	49,211	49,211	
5	Total Expense Claim	\$ 192,792	\$ 213,543	\$ 218,577	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	238,096			
8	Less: Present Rates 3/31/2021		192,792		
9	Less: Present Rates 3/31/2022			213,543	
10	Increase/(Decrease)	<u>\$ (45,304)</u>	<u>\$ 20,752</u>	<u>\$ 5,034</u>	
11	Pro Forma Adjustment:				
12	7367	\$ (45,304)	\$ 20,752	\$ 5,034	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	Sludge Expense Normalization	12,706	62,915	9,370
3	US Customer Education and Outreach			7,500
4	<b>Deductions:</b>			
5	Fines	(730)		
6	Increase/(Decrease)	\$ 11,976	\$ 62,915	\$ 16,870
7	Pro Forma Adjustment:			
8	7758	\$ (730)		
9	7115	\$ 12,706	\$ 62,915	\$ 9,370
10	7608			\$ 7,500

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		3/31/2021		3/31/2022		3/31/2023	
		AMOUNT		AMOUNT		AMOUNT	
1	Leases	\$	78,691	\$	78,691	\$	78,691 ‡
2	Total Specific Expenses Not Subject to Inflation	\$	78,691	\$	78,691	\$	78,691

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAGE HELD FOR FUTURE USE

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AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 959,273	\$ 864,520	\$ 844,248	
2	Claimed Purchased Power Expense - Gas	61,896	61,212	62,095	
3		<u>\$ 1,021,168</u>	<u>\$ 925,732</u>	<u>\$ 906,343</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	958,620			
6	Less: Present Rates 3/31/2021		1,021,168		
7	Less: Present Rates 3/31/2022			925,732	
8	Increase/(Decrease)	<u>\$ 62,549</u>	<u>\$ (95,436)</u>	<u>\$ (19,389)</u>	
9	Pro Forma Adjustment:				
10	7151	\$ 58,506	\$ (89,268)	\$ (18,136)	
11	7153	\$ 137	\$ (209)	\$ (42)	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ 3,578	\$ (5,459)	\$ (1,109)	
15	7163	\$ 328	\$ (500)	\$ (102)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	Adams Co-op	Wastewater	139,163	\$ 13,006	139,163	\$ 13,279	139,163	\$ 13,558
2	Central Electric Co-op	Wastewater	1,451	\$ 612	1,451	\$ 625	1,451	\$ 638
3	PECO	Wastewater	5,742,452	\$ 459,632	5,742,452	\$ 414,383	5,742,452	\$ 402,481
4	PenElec	Wastewater	731,882	\$ 72,804	731,882	\$ 64,930	731,882	\$ 64,077
5	PP&L	Wastewater	4,140,106	\$ 354,644	4,140,106	\$ 311,531	4,140,106	\$ 302,481
6	MetEd	Wastewater	3,482	\$ 603	3,482	\$ 583	3,482	\$ 580
7	United Electric Co-op	Wastewater	523,584	\$ 57,971	523,584	\$ 59,189	523,584	\$ 60,432
8				\$ 959,273		\$ 864,520		\$ 844,248

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE THERMS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 3/31/2023 AMOUNT
1	COLUMBIA GAS OF PA	Wastewater	1,502	\$ 1,632	1,688	\$ 1,856	1,688	\$ 1,879
2	PECO	Wastewater	44,694	\$ 37,023	45,547	\$ 38,182	45,547	\$ 38,640
3	UGI UTILITIES , INC	Wastewater	3,712	\$ 3,092	3,142	\$ 2,648	3,142	\$ 2,680
4	Direct Purchases - Fuel Oil, Propane and Generator Diesel	Wastewater		\$ 20,149		\$ 18,526		\$ 18,896
5				<u>\$ 61,896</u>		<u>\$ 61,212</u>		<u>\$ 62,095</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The chemical expense claim was based on the normalized average expense for the three years ended March 31, 2021.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Chemical Expense Claim (3 Year Average Normalized)	\$ 536,551	\$ 536,551	\$ 536,551	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	479,713			
4	Less: Present Rates 3/31/2021		536,551		
5	Less: Present Rates 3/31/2022			536,551	
6	Increase/(Decrease)	<u>\$ 56,838</u>	<u>\$ -</u>	<u>\$ -</u>	
7	Pro Forma Adjustment:				
8	7183	\$ 56,838	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense normalizes the cost of services provided by wastewater treatment providers for the Company's Beech Mountain, Village at Valley Forge and Media service areas. The service providers are Butler Township Sewer Authority, Upper Merion Sewer and Nether Providence Township.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Purchased Wastewater Expense	\$ 799,010	\$ 801,545	\$ 812,759
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	807,330		
4	Less: Present Rates 3/31/2021		799,010	
5	Less: Present Rates 3/31/2022			\$ 801,545
6	Increase/(Decrease)	<u>\$ (8,320)</u>	<u>\$ 2,535</u>	<u>\$ 11,214</u>
7	Pro Forma Adjustment:			
8	7105	\$ (8,320)	\$ 2,535	\$ 11,214

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Wastewater Intracompany Benefits	\$ 1,141,083	\$ 1,228,289	\$ 1,263,638
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	1,037,218		
4	Less: Present Rates 3/31/2021		1,141,083	
5	Less: Present Rates 3/31/2022			1,228,289
6	Increase/(Decrease)	<u>\$ 103,865</u>	<u>\$ 87,205</u>	<u>\$ 35,349</u>
7	Pro Forma Adjustment:			
8	7048	\$ 103,865	\$ 87,205	\$ 35,349

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

ELIMINATE NORTH HEIDELBERG EXPENSES

Beginning March 5, 2018, the Company was appointed receiver for the North Heidelberg Sewer Company at Docket No. M-2018-2645983. The following adjustment removes the expenses incurred from operating North Heidelberg during the test year which was recorded above the line. Refer to Schedule B-6 of this exhibit for the removal of North Heidelberg revenues.

LINE NO.	DESCRIPTION	PRESENT RATES	
		3/31/2021	AMOUNT
1	Claimed North Heidelberg Sewer Expenses	\$	-
2	Less: Amount Charged to Operating Expense		
3	During the Twelve Months Ended 3/31/2021		357,477
4	Increase/(Decrease)	\$	<u>(357,477)</u>
5	Pro Forma Adjustment:		
6	7018	\$	(2,484)
7	7115	\$	(4,343)
8	7151	\$	(23,170)
9	7153	\$	(1,471)
10	7354	\$	(8,131)
11	7362	\$	(23,956)
12	7363	\$	(24,942)
13	7364	\$	(71,703)
14	7365	\$	(87,511)
15	7366	\$	(53,033)
16	7368	\$	(35,791)
17	7505	\$	(10,912)
18	7418	\$	(3,574)
19	7203	\$	(2,842)
20	7758	\$	(3,505)
21	7707	\$	(109)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 5,886,311	\$ 6,872,757	\$ 7,780,016
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	5,692,168		
4	Less: Present Rates 3/31/2021		5,886,311	
5	Less: Present Rates 3/31/2022			6,872,757
6	Increase/(Decrease)	<u>\$ 194,143</u>	<u>\$ 986,446</u>	<u>\$ 907,259</u>
7	Pro Forma Adjustment:			
8		\$ 194,143	\$ 986,446	\$ 907,259

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 296,435						
2	Present Rates at 3/31/21				\$ 291,871				
3	Present Rates at 3/31/22						\$ 296,292		
4	Present Rates at 3/31/23								\$ 296,805
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	(3,538)		3,144		364		76,570	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	(1,026)		1,277		148		31,114	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
<hr/>									
9	Pro Forma Adjustment		\$ (4,564)		\$ 4,421		\$ 513		\$ 107,684
10	Pro Forma Present Rates at March 31, 2021		<u>\$ 291,871</u>						
11	Pro Forma Present Rates at March 31, 2022				<u>\$ 296,292</u>				
12	Pro Forma Present Rates at March 31, 2023						<u>\$ 296,805</u>		
13	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 107,684</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 18,236,230	\$ 18,931,192	\$ 19,011,761	\$ 35,938,022
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	82,496	85,640	86,005	162,575
4	Total General Assessment Fees	\$ 82,496	\$ 85,640	\$ 86,005	\$ 162,575
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	86,034			
7	Less: Present Rates 3/31/2021		82,496		
8	Less: Present Rates 3/31/2022			85,640	
9	Less: Present Rates 3/31/2023				86,005
10	Increase/(Decrease)	<u>\$ (3,538)</u>	<u>\$ 3,144</u>	<u>\$ 364</u>	<u>\$ 76,570</u>
11	Pro Forma Adjustment:				
12	4081	\$ (3,538)	\$ 3,144	\$ 364	\$ 76,570

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues		\$ 18,236,230	\$ 18,931,192	\$ 19,011,761	\$ 35,938,022
2	Estimated General Assessment Fee:					
3	Consumer Advocate Fee At	0.001625725256	29,647	30,777	30,908	58,425
4	Small Business Advocate Fee At	0.000184760982	3,369	3,498	3,513	6,640
5	Damage Prevention Fee At	0.000027700326	505	524	527	995
6	Total General Assessment Fees		\$ 33,522	\$ 34,799	\$ 34,947	\$ 66,061
7	Less: Amount Charged to Taxes Other Than Income					
8	During the Twelve Months Ended 3/31/2021		34,548			
9	Less: Present Rates 3/31/2021			33,522		
10	Less: Present Rates 3/31/2022				34,799	
11	Less: Present Rates 3/31/2023					34,947
12	Increase/(Decrease)		<u>\$ (1,026)</u>	<u>\$ 1,277</u>	<u>\$ 148</u>	<u>\$ 31,114</u>
13	Pro Forma Adjustment:					
14	4081		\$ (1,026)	\$ 1,277	\$ 148	\$ 31,114

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ 175,853	\$ 175,853	\$ 175,853
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	175,853		
4	Less: Present Rates 3/31/2021		175,853	
5	Less: Present Rates 3/31/2022			175,853
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%
4 Common Equity		\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%
5		\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%
6		PRESENT RATES			PRESENT RATES			PRESENT RATES		
7 Calculation of Interest:		3/31/21			3/31/22			3/31/23		
8 Original Cost Rate Base		Schedule G-1 Col 3, Row 15	\$ 159,637,968		Schedule G-1 Col 4, Row 15	\$ 178,331,943		Schedule G-1 Col 5, Row 15	\$ 198,372,990	
9 Applicable Percentage			48.25%			44.47%			46.08%	
10 Applicable Portion of Rate Base			\$ 77,029,868			\$ 79,297,091			\$ 91,400,873	
11 Cost Rate			4.04%			4.01%			4.00%	
12 Pro-Forma Long-term Interest Expense			\$ 3,112,007			\$ 3,179,813			\$ 3,656,035	
13 Less: Interest on Long Term Debt Per Books 3/31/21			12,946							
14 Less: Interest on Long Term Debt Present Rates at 3/31/21						3,112,007				
15 Less: Interest on Long Term Debt Present Rates at 3/31/22									3,179,813	
16 Long Term Debt Pro Forma Adjustment			\$ 3,099,061			\$ 67,807			\$ 476,222	

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (672,579)	\$ -	\$ -
2	Eliminate Interest During Construction	672,579	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 672,579	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (1,822,911)	\$ (1,917,154)	\$ (2,233,149)	\$ 907,717
2	Less: Per Book	Schedule A-1	467,457			
3	Less: Present Rates at 3/31/21			(1,822,911)		
4	Less: Present Rates at 3/31/22				(1,917,154)	
5	Less: Present Rates at 3/31/23					(2,233,149)
6	Pro Forma Adjustment		<u>\$ (2,290,368)</u>	<u>\$ (94,243)</u>	<u>\$ (315,995)</u>	<u>\$ 3,140,866</u>
7	State Income Tax - Current	Schedule F-2	\$ (1,162,297)	\$ (1,015,483)	\$ (1,182,491)	\$ 477,497
8	Less: Per Book	Schedule A-1	150,744			
9	Less: Present Rates at 3/31/21			(1,162,297)		
10	Less: Present Rates at 3/31/22				(1,015,483)	
11	Less: Present Rates at 3/31/23					(1,182,491)
12	Pro Forma Adjustment		<u>\$ (1,313,041)</u>	<u>\$ 146,814</u>	<u>\$ (167,007)</u>	<u>\$ 1,659,988</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 1,027,299	\$ 1,046,246	\$ 1,139,605	\$ 1,139,605
14	Less: Per Book	Schedule A-1	188,838			
15	Less: Present Rates at 3/31/21			1,027,299		
16	Less: Present Rates at 3/31/22				1,046,246	
17	Less: Present Rates at 3/31/23					1,139,605
18	Pro Forma Adjustment		<u>\$ 838,461</u>	<u>\$ 18,947</u>	<u>\$ 93,360</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ (39,415)	\$ (39,415)	\$ (3,285)	\$ (3,285)
20	Less: Per Book	Schedule A-1	(218,035)			
21	Less: Present Rates at 3/31/21			(39,415)		
22	Less: Present Rates at 3/31/22				(39,415)	
23	Less: Present Rates at 3/31/23					(3,285)
24	Pro Forma Adjustment		<u>\$ 178,620</u>	<u>\$ -</u>	<u>\$ 36,130</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
COMPUTATION OF FEDERAL AND STATE INCOME TAXES  
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ 2,746,265	\$ 2,746,265	\$ 2,118,571	\$ 2,118,571	\$ 1,060,579	\$ 1,060,579	\$ 17,677,072	\$ 17,677,072
2 Interest Expense	Schedule A-1	(3,112,007)	(3,112,007)	(3,179,813)	(3,179,813)	(3,656,035)	(3,656,035)	(3,656,035)	(3,656,035)
3 State Income Tax	[11]	1,162,297		1,015,483		1,182,491		(477,497)	
4 Tax Repair Deduction		(4,870,211)	(4,870,211)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)
5 Book Depreciation	Schedule A-1	5,886,311	5,886,311	6,872,757	6,872,757	7,780,016	7,780,016	7,780,016	7,780,016
6 Tax Depreciation		(10,493,186)	(12,284,968)	(11,496,302)	(11,516,514)	(12,541,095)	(12,561,306)	(12,541,095)	(12,561,306)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ (8,680,530)</u>	<u>\$ (11,634,609)</u>	<u>\$ (9,129,304)</u>	<u>\$ (10,164,999)</u>	<u>\$ (10,634,043)</u>	<u>\$ (11,836,746)</u>	<u>\$ 4,322,462</u>	<u>\$ 4,779,746</u>
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	(1,822,911)	(1,162,297)	(1,917,154)	(1,015,483)	(2,233,149)	(1,182,491)	907,717	477,497
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ (1,822,911)</u>	<u>\$ (1,162,297)</u>	<u>\$ (1,917,154)</u>	<u>\$ (1,015,483)</u>	<u>\$ (2,233,149)</u>	<u>\$ (1,182,491)</u>	<u>\$ 907,717</u>	<u>\$ 477,497</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ (261,967)	\$ (394,544)	\$ (261,967)	\$ (394,544)	\$ (21,831)	\$ (32,879)	\$ (21,831)	\$ (32,879)
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	(55,013)	(39,415)	(55,013)	(39,415)	(4,584)	(3,285)	(4,584)	(3,285)
16 Normalized Book Depreciation		(5,301,232)		(6,224,822)		(7,065,181)		(7,065,181)	
17 Normalized Tax Depreciation		10,493,186		11,496,302		12,541,095		12,541,095	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	1,090,310	-	1,107,011	-	1,149,942	-	1,149,942	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		(8,550)		(6,303)		(6,303)		(6,303)	
22 Flowback of TCJA 2017 - 10 Years		551		551		551		551	
23 Total Flow Through		<u>(7,998)</u>	<u>-</u>	<u>(5,752)</u>	<u>-</u>	<u>(5,752)</u>	<u>-</u>	<u>(5,752)</u>	<u>-</u>
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ 1,027,299</u>	<u>\$ (39,415)</u>	<u>\$ 1,046,246</u>	<u>\$ (39,415)</u>	<u>\$ 1,139,605</u>	<u>\$ (3,285)</u>	<u>\$ 1,139,605</u>	<u>\$ (3,285)</u>
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (795,612)</u>	<u>\$ (1,201,712)</u>	<u>\$ (870,908)</u>	<u>\$ (1,054,898)</u>	<u>\$ (1,093,544)</u>	<u>\$ (1,185,776)</u>	<u>\$ 2,047,322</u>	<u>\$ 474,212</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE  
RATE BASE AS OF MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 229,950,556	\$ 254,999,149	\$ 281,132,004
2 Utility Plant Acquisition Adjustment	Schedule G-3	1,537,912	1,436,568	1,335,224
3		231,488,468	256,435,717	282,467,228
4 Less: Accumulated Depreciation	Schedule G-2	(45,811,938)	(49,645,082)	(55,041,320)
5 Net Plant in Service		<u>185,676,530</u>	<u>206,790,635</u>	<u>227,425,909</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	554,000	554,000	554,000
9		<u>554,000</u>	<u>554,000</u>	<u>554,000</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	(20,196,246)	(21,515,117)	(20,965,154)
12 Deferred Income Taxes	Schedule G-7	(6,396,317)	(7,497,575)	(8,641,765)
13 Investment Tax Credit		-	-	-
14		<u>(26,592,562)</u>	<u>(29,012,692)</u>	<u>(29,606,919)</u>
15 Total Rate Base		<u>\$ 159,637,968</u>	<u>\$ 178,331,943</u>	<u>\$ 198,372,990</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 229,950,556	\$ 229,950,556	\$ 254,999,149
2	Plus: Additions		27,871,915	28,357,469
3	Less: Retirements		(2,823,322)	(2,224,614)
4	Utility Plant in Service	<u>\$ 229,950,556</u>	<u>\$ 254,999,149</u>	<u>\$ 281,132,004</u>
5	Accumulated Depreciation	<u>(45,811,938)</u>	<u>(49,645,082)</u>	<u>(55,041,320)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

The following adjustment reflects the recognition of the positive Utility Plant Acquisition Adjustments (UPAA) associated with the acquisition of various water utility assets pursuant to the terms of the Commission-approved settlement of the Company's rate cases at Docket Nos. R-00072319, R-2008-2081738, and R-2010-2207833, and R-2018-3003558.

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL ACQUISITION ADJUSTMENT	DATE CLOSED	AMORTIZATION PERIOD	PRESENT RATES		FTY AMORTIZATIONS	PRESENT RATES		FPFTY AMORTIZATIONS	PRESENT RATES	
						3/31/2021 BALANCE			3/31/2022 BALANCE			3/31/2023 BALANCE	
1	Rivercrest	R-00072319	\$ 41,118	6/27/2002	10/06 - 9/26	\$ 11,308	\$	2,056	\$ 9,252	\$	2,056	\$ 7,196	
2	White Haven	R-2008-2081738	\$ 267,972	3/11/2002	10/08 - 9/28	\$ 100,490	\$	13,399	\$ 87,091	\$	13,399	\$ 73,693	
3	Masthope	R-2010-2207833	\$ 309,404	1/20/2006	6/11 - 5/31	\$ 158,570	\$	15,470	\$ 143,099	\$	15,470	\$ 127,629	
4	Treasure Lake	R-2018-3003558	\$ 1,298,027	2/28/2012	4/19 - 3/39	\$ 1,168,224	\$	64,901	\$ 1,103,323	\$	64,901	\$ 1,038,422	
5	Bunker Hill WW	R-2018-3003558	\$ 35,598	8/11/2015	4/19 - 3/39	\$ 32,038	\$	1,780	\$ 30,258	\$	1,780	\$ 28,479	
6	Avon Grove	R-2018-3003558	\$ 74,758	9/7/2017	4/19 - 3/39	\$ 67,282	\$	3,738	\$ 63,544	\$	3,738	\$ 59,807	
7	Effect to Rate Base Element		<u>\$ 2,026,877</u>			<u>\$ 1,537,912</u>	<u>\$</u>	<u>101,344</u>	<u>\$ 1,436,568</u>	<u>\$</u>	<u>101,344</u>	<u>\$ 1,335,224</u>	

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<hr/> \$ -
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<hr/>
17	At 3/31/2022 and 3/31/2023		<hr/> <hr/> \$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 898,000	\$ 898,000	\$ 898,000
2	Cash Working Capital - Taxes	Schedule G-5.3	68,000	68,000	68,000
3	Cash Working Capital - Interest	Schedule G-5.4	(412,000)	(412,000)	(412,000)
4	Total Cash Working Capital Requirement		\$ 554,000	\$ 554,000	\$ 554,000

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ 1,728,988
2	April	2020	1,648,682
3	May	2020	1,624,323
4	June	2020	1,773,347
5	July	2020	1,816,566
6	August	2020	1,862,170
7	September	2020	1,746,354
8	October	2020	1,700,262
9	November	2020	1,589,223
10	December	2020	1,600,252
11	January	2021	1,541,282
12	February	2021	1,578,243
13	March	2021	1,352,334
14	Total		<u>\$ 21,562,025</u>
15	Average Accounts Receivable Balance		\$ 1,658,617
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		\$ 18,335,514
16	Average Daily Billing		\$ 50,234
18	Lag in Receipt of Payment		33.0
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>50.2</u></u>

Reference:

(a) One-half of monthly billing period.



AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 1,101,584	7.5	(a)	\$ 8,261,882
2	Non-Union Labor	1,004,479	11.0	(b)	11,049,269
3	Management Fee	714,262	16.0	(d)	11,428,185
4	Electric Power	888,526	20.7	(c)	18,415,943
5					
6	Employee Group Insurance	1,263,638	16.0	(d)	20,218,208
7	Liability Insurance	67,350	(1.4)	(c)	(92,258)
8	SFI Postage	51,111	(8.0)	(c)	(406,901)
9	Pension	0	300.6	(c)	0
10	SFAS106	0	365.7	(e)	0
11	All Other Expenses (g)	5,686,830	25.5	(f)	145,014,163
12	Total	<u>\$ 10,777,781</u>			<u>\$ 213,888,491</u>
13	Average Lag Days in Payment of Expenses		<u>19.8</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>50.2</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>30.4</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 29,528	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 897,656	[16] * [18]	
20	USE		<u>\$ 898,000</u>	* Rounded to nearest thousandth	

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 86,005	(197.5)	(a)	\$ (16,985,890)
2	OCA & SBA - General Assessments	34,947	(197.5)	(a)	(6,902,065)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	175,853	(167.0)	(a)	(29,367,508)
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(1,182,491)	45.2	(a)	(53,448,590)
10	Federal Income Tax	(2,233,149)	33.4	(a)	(74,587,179)
11	Total	<u>\$ (3,118,835)</u>			<u>\$ (181,291,231)</u>
12	Average Lag Days in Payment of Taxes		<u>58.1</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>50.2</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(7.9)</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ (8,545)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 67,504	[15] * [17]	
19	USE		<u>\$ 68,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Long Term Debt- Interest	\$ 3,656,035	91.3	(a)	\$ 333,613,187
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 3,656,035</u>			<u>\$ 333,613,187</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>50.2</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(41.1)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 10,017		
10	Cash Working Capital Required		\$ (411,680)		
11	USE		<u>\$ (412,000)</u>	* Rounded to nearest thousandth	

Reference:

- (a) Paid Semi-Annually
- (b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		3/31/2021	AMOUNT	3/31/2022	AMOUNT	3/31/2023	AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$	20,196,246	\$	20,196,246	\$	21,515,117
2	Plus: Contributions				1,866,141		5,000
3	Less: Amortization				(547,270)		(554,963)
4	Customer Advances and Contributions In Aid Of Construction	\$	(20,196,246)	\$	(21,515,117)	\$	(20,965,154)

AQUA PENNSYLVANIA WASTEWATER, INC. - BASE

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes	FR.TX4	\$ 6,396,317	\$ 6,396,317	\$ 7,497,575
2	Change in Deferred Tax	Schedule F-2		1,101,259	1,144,190
3	Deferred Income Taxes		<u>\$ (6,396,317)</u>	<u>\$ (7,497,575)</u>	<u>\$ (8,641,765)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICKTABLE OF CONTENTS TO EXHIBIT 1-C WASTEWATER LIMERICK

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AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICKTABLE OF CONTENTS TO EXHIBIT 1-C WASTEWATER LIMERICK

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Rate Base - Deferred Income Taxes	G-7	Christine Saball

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK  
PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES				PRESENT RATES				PRESENT RATES				PROPOSED RATES	
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	RATES AMOUNT	RATES AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	Operating Revenues	\$ 3,843,065	\$ (5,382)	\$ 3,837,683	\$ 140,891	\$ 3,978,573	\$ -	\$ 3,978,573	\$ 5,947,094	\$ 9,925,667					
2	Operating Expenses	1,843,860	96,358	1,940,218	79,441	2,019,659	35,855	2,055,513	71,003	2,126,516					
3	Depreciation	2,172,436	(156,253)	2,016,183	31,154	2,047,337	(48,456)	1,998,881		1,998,881					
4	Taxes, other than income :														
5	PUC assessment	-	17,361	17,361	637	17,998	-	17,998	26,903	44,901					
6	OCA & SBA assessments	-	7,054	7,054	259	7,313	-	7,313	10,932	18,245					
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-					
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-					
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-					
10	Federal & State payroll tax	-	-	-	-	-	-	-	-	-					
11	Total Taxes, other than income	-	24,415	24,415	896	25,311	-	25,311	37,835	63,146					
12	Utility Operating Income Before Tax	(173,232)	30,098	(143,133)	29,399	(113,734)	12,601	(101,133)	5,838,256	5,737,123					
13	Income Taxes:														
14	Federal Tax-Current	-	(318,339)	(318,339)	36,595	(281,744)	2,123	(279,621)	1,103,553	823,932					
15	Pa. CNI Tax-Current	-	(168,246)	(168,246)	19,341	(148,905)	1,122	(147,783)	583,242	435,459					
16	Federal Tax-Deferred	-	78,676	78,676	(11,238)	67,438	(1,519)	65,919	-	65,919					
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-					
18	ITC-Current	-	-	-	-	-	-	-	-	-					
19	ITC-Amortized	-	-	-	-	-	-	-	-	-					
20	Total Income Taxes	-	(407,909)	(407,909)	44,698	(363,211)	1,726	(361,485)	1,686,795	1,325,309					
21	Total Operating Revenue Deductions	4,016,296	(443,389)	3,572,907	156,189	3,729,096	(10,876)	3,718,220	1,795,633	5,513,853					
22	Utility Operating Income	(173,232)	438,007	264,776	(15,298)	249,477	10,876	260,353	4,151,461	4,411,814					
23	Income Deductions:														
24	Interest on Long-Term debt	-	1,166,365	1,166,365	(110,688)	1,055,677	8,604	1,064,281		1,064,281					
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-					
26	Other interest charges	-	-	-	-	-	-	-	-	-					
27	Interest during Construction	(7,002)	7,002	-	-	-	-	-	-	-					
28	Total Income Deductions	(7,002)	1,173,366	1,166,365	(110,688)	1,055,677	8,604	1,064,281	-	1,064,281					
29	Net Income	\$ (166,230)	\$ (735,359)	\$ (901,589)	\$ 95,389	\$ (806,199)	\$ 2,272	\$ (803,928)	\$ 4,151,461	\$ 3,347,533					
30	Preferred Dividend														
31	Net Income-Common	\$ (166,230)	\$ (735,359)	\$ (901,589)	\$ 95,389	\$ (806,199)	\$ 2,272	\$ (803,928)	\$ 4,151,461	\$ 3,347,533					



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (2)	SERVED AT 3/31/2021 (3)	TO BE SERVED AT 3/31/2022 (4)	TO BE SERVED AT 3/31/2023 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Residential	5,065	5,123	5,123	5,123	5,123	-	-
2	Commercial	545	547	547	547	547	-	-
3	Industrial	-	-	-	-	-	-	-
4	Public	4	4	4	4	4	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	5,614	5,674	5,674	5,674	5,674	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	57,746,861
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	4,411,814
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	260,353
5	Operating Income Deficit		= \$	4,151,461
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	5,947,094

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ 264,776	\$ 59,831,514	0.44%
2	Present Rates March 31, 2022	\$ 249,477	\$ 59,205,012	0.42%
3	Present Rates March 31, 2023	\$ 260,353	\$ 57,746,861	0.45%
4	Proposed Rates March 31, 2023	\$ 4,411,814	\$ 57,746,861	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK  
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK  
STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED 3/31/21		PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	%	\$	AMOUNT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	
1	Residential	\$ 3,231,102	\$ (570,665)	\$ 2,660,436	\$ 97,901	\$ 2,758,338	\$ -	\$ 2,758,338	156.7%	\$ 4,321,173	\$ 7,079,511		
2	Commercial	592,915	562,869	1,155,784	42,524	1,198,307	-	1,198,307	134.7%	1,614,660	2,812,967		
3	Industrial	-	-	-	-	-	-	-	0.0%	11,261	11,261		
4	Public	10,241	2,414	12,655	466	13,120	-	13,120	0.0%	-	13,120		
5	Other	-	-	-	-	-	-	-	0.0%	-	-		
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-		
7	Total Sales to General Customers	3,834,257	(5,382)	3,828,875	140,891	3,969,765	-	3,969,765	149.8%	5,947,094	9,916,859		
8	Forfeited Discounts	8,788	-	8,788	-	8,788	-	8,788	0.0%	-	8,788		
9	Other WW Revenues	20	-	20	-	20	-	20	0.0%	-	20		
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-	-		
11	Total Other WW Revenues	8,808	-	8,808	-	8,808	-	8,808	0.0%	-	8,808		
12	Total Operating Revenue	\$ 3,843,065	\$ (5,382)	\$ 3,837,683	\$ 140,891	\$ 3,978,573	\$ -	\$ 3,978,573	149.5%	\$ 5,947,094	\$ 9,925,667		

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 3,843,065				
2	Present Rates at 3/31/21					\$ 3,837,683		
3	Present Rates at 3/31/22							\$ 3,978,573
4	Unbilled Revenue Adjustment	Schedule B-3	(5,382)		-		-	
5	DSIC Annualization	Schedule B-4	-		140,891		-	
6	Reclass By Customer Class	Schedule B-5	(0)		-		-	
7	Pro Forma Adjustment			<u>(5,382)</u>		<u>140,891</u>		<u>-</u>
8	Pro Forma Present Rates at March 31, 2021			<u>\$ 3,837,683</u>				
9	Pro Forma Present Rates at March 31, 2022					<u>\$ 3,978,573</u>		
10	Pro Forma Present Rates at March 31, 2023							<u>\$ 3,978,573</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 5,758
2	Commercial	860
3	Industrial	-
4	Public	(1,236)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>5,382</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 5,382</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for March 31, 2022 based on the Company's pro forma level at March 31, 2022 and the 5.00% rate that is expected to become effective on January 1, 2022.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES
		3/31/2021 DSIC REVENUE	3/31/2022 DSIC REVENUE	3/31/2022 ADJUSTMENT
1	Residential	\$ 33,464	\$ 131,366	\$ 97,901
2	Commercial	14,538	57,062	42,524
3	Industrial	-	-	-
4	Public	159	625	466
5	Other	-	-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	48,161	189,052	140,891
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ 48,161	\$ 189,052	\$ 140,891



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

RECLASS BY CUSTOMER CLASS

The Company performed the following adjustment to reclass revenue by customer class.

LINE NO.	DESCRIPTION	PER BOOKS	ADJUSTMENT
		3/31/2021 AMOUNT	PRESENT RATES 3/31/2021 AMOUNT
1	Residential	\$ 564,907	\$ (564,907)
2	Commercial	(563,729)	563,729
3	Industrial		-
4	Public	(1,178)	1,178
5	Other		-
6	Availability Charge		-
7	Total Sales to General Customers	0	(0)
8	Forfeited Discounts		
9	Other WW Revenues		
10	Miscellaneous WW Service Revenues		
11	Total Other WW Revenues	-	-
12	Total Operating Revenue	\$ 0	\$ (0)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7151	Purchased Power	266,917	258,754	259,331	246,217
4	7161	Purchased Power	3,059	2,965	2,972	2,822
5		-Maintenance-				
6	7362	OS Other	21,752	21,752	22,133	22,509
7						
8		Total Collection Expense	\$ 291,729	\$ 283,472	\$ 284,436	\$ 271,548
9						
10		--Pumping--				
11		-Operations-				
12	7183	Chemicals	16,058	18,111	18,111	18,111
13	7203	Supplies	31,098	31,098	31,642	32,180
14	7363	OS Other	11,774	11,774	11,980	12,184
15		-Maintenance-				
16	7354	OS Lab Testing	56,309	56,309	57,294	58,268
17	7364	OS Other	48,350	48,350	49,197	50,033
18	7754	Other	420	420	427	435
19						
20		Total Pumping Expense	\$ 164,009	\$ 166,062	\$ 168,651	\$ 171,210
21						
22		--Treatment & Disposal--				
23		-Operations-				
24	7015	Labor	113,383	113,383	120,980	124,410
25	7105	Purchased Wastewater	47,640	47,640	47,640	47,640
26	7115	Sludge	131,764	131,764	134,070	136,349
27	7365	OS Other	7,870	7,870	8,008	8,144
28		-Maintenance-				
29	7366	OS Other	58,435	58,435	59,457	60,468
30						
31		Total Treatment & Disposal Expense	\$ 359,092	\$ 359,092	\$ 370,155	\$ 377,012
32						

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
33		--Customer Accounting--				
34	7367	OS Other	89,410	93,440	101,345	103,838
35	7707	Bad Debt	4,396	45,713	47,395	47,395
36						
37		Total Customer Accounting Expense	\$ 93,806	\$ 139,153	\$ 148,741	\$ 151,234
38						
39		--Administrative and General--				
40	7018	Labor	318,754	318,754	340,110	349,754
41	7048	Employee Benefits	228,474	256,606	271,005	278,473
42	7328	OS Accounting	9,189	9,189	9,350	9,509
43	7338	OS Legal	150	150	153	155
44	7349	Management Fees	218,247	232,401	238,899	245,560
45	7368	OS Other	98,490	98,490	100,213	101,917
46	7578	Insurance	6,954	6,954	15,270	16,225
47	7588	Insurance	887	887	1,421	1,502
48	7598	Insurance	4,049	4,049	5,158	5,428
49	7758	Other	50,031	64,959	66,095	67,219
50	7668	Amortization of Rate Case	-	-	-	8,768
51						
52		Total Admin & General Expense	\$ 935,224	\$ 992,439	\$ 1,047,675	\$ 1,084,510
53						
54		Total Operating Expenses	\$ 1,843,860	\$ 1,940,218	\$ 2,019,659	\$ 2,055,513

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 432,137	\$ -	\$ 432,137	\$ 28,953	\$ 461,090	\$ 13,073	\$ 474,164
2 Employee Benefits	228,474	28,132	256,606	14,399	271,005	7,468	278,473
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	47,640	-	47,640	-	47,640	-	47,640
5 Sludge	131,764	-	131,764	2,306	134,070	2,279	136,349
6 Purchased Power	269,976	(8,257)	261,719	584	262,303	(13,264)	249,039
7 Chemicals	16,058	2,053	18,111	-	18,111	-	18,111
8 Supplies	31,098	-	31,098	544	31,642	538	32,180
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	9,189	-	9,189	161	9,350	159	9,509
11 OS Legal	150	-	150	3	153	3	155
12 OS Lab Testing	56,309	-	56,309	985	57,294	974	58,268
13 OS Other	336,082	4,029	340,111	12,222	352,334	6,760	359,094
14 Management Fees	218,247	14,155	232,401	6,498	238,899	6,661	245,560
15 Leases	-	-	-	-	-	-	-
16 Transportation	-	-	-	-	-	-	-
17 Insurance	11,890	-	11,890	9,960	21,849	1,305	23,155
18 Other	50,451	14,927	65,379	1,144	66,523	1,131	67,654
19 Bad Debt	4,396	41,318	45,713	1,682	47,395	-	47,395
20 Amortization of Rate Case	-	-	-	-	-	8,768	8,768
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 1,843,860		\$ 1,940,218		\$ 2,019,659		\$ 2,055,513
25 Pro Forma Adjustments		\$ 96,358		\$ 79,441		\$ 35,855	
26 Uncollectibles @ Proposed Rates							\$ 71,003
27 Proposed Rates @ 3/31/23							<u>\$ 2,126,516</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 1,843,860				
2	Present Rates at 3/31/21					\$ 1,940,218		
3	Present Rates at 3/31/22							\$ 2,019,659
4	General Price Level Adjustment	Schedule C-4.1	-		11,705		11,570	
5	Uncollectible Accounts	Schedule C-4.2	41,318		1,682		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		8,768	
8	Payroll	Schedule C-4.5	-		28,934		13,054	
9	Insurance Expense	Schedule C-4.6	(3,567)		6,972		914	
10	Management Service & Sundry	Schedule C-4.7	14,155		5,070		5,249	
11	Customer Service & Sundry	Schedule C-4.8	4,029		7,134		1,731	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	14,927		-		-	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	(8,257)		584		(13,264)	
16	Chemicals	Schedule C-6.2	2,053		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	-		-		-	
18	Employee Benefits	Schedule C-8.1	31,699		17,360		7,833	
19	Pro Forma Adjustments			\$ 96,358		\$ 79,441		\$ 35,855
20	Pro Forma Present Rates at March 31, 2021			\$ 1,940,218				
21	Pro Forma Present Rates at March 31, 2022					\$ 2,019,659		
22	Pro Forma Present Rates at March 31, 2023							\$ 2,055,513

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 1,940,218	
3	Present Rates 3/31/2022		\$ 2,019,659
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	431,036	459,969
6	Employee Benefits	255,054	269,427
7	Purchased Wastewater	47,640	47,640
8	Sludge	-	-
9	Purchased Power	261,719	262,303
10	Chemicals	18,111	18,111
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	49,362	56,497
17	Management Fees	150,811	155,881
18	Leases	-	-
19	Transportation	-	-
20	Insurance	11,890	21,849
21	Other	-	-
22	Bad Debt	45,713	47,395
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 1,271,337	\$ 1,339,072
28	Total Operating Expenses Subject to Effects of Inflation	\$ 668,881	\$ 680,586
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 11,705	\$ 11,570

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)			
1	Second Quarter	2021	1.900%	(a)
2	Third Quarter	2021	1.700%	(a)
3	Fourth Quarter	2021	1.700%	(a)
4	First Quarter	2022	1.700%	(b)
5	Annual Average for the Period Ending 3/31/2022			1.750%
6	Second Quarter	2022	1.700%	(b)
7	Third Quarter	2022	1.700%	(b)
8	Fourth Quarter	2022	1.700%	(b)
9	First Quarter	2023	1.700%	(c)
10	Annual Average for the Period Ending 3/31/2023			1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 3,834,257	\$ 3,828,875	\$ 3,969,765	\$ 3,969,765
2	Annualized Uncollectible Account based on Experience Factor @ 1.19391%		45,713	47,395	47,395 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		4,396		
5	Less: Present Rates 3/31/2021			45,713	
6	Less: Present Rates 3/31/2022				47,395
7	Increase/(Decrease)		<u>\$ 41,318</u>	<u>\$ 1,682</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 41,318	\$ 1,682	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	1.20%	\$ 26,305	\$ 8,768	
12	Normalization Period		36 Months		
13		PRESENT RATES	PRESENT RATES		
14		3/31/2022	3/31/2023		
15		AMOUNT	AMOUNT		
16	Annual Expense on a 36 Month Normalized Basis	\$	-	\$ 8,768	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		-		
19	Less: Present Rates 3/31/2022			-	
20	Increase/(Decrease)	\$	-	\$ 8,768	
21	Pro Forma Adjustment:				
22	7668			\$ 8,768	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 134,216	\$ 148,684	\$ 153,156	
3	Capital Payroll	193	213	220	
4	Non-Operating Payroll	3,123	3,460	3,564	
5	Expense Payroll	130,900	145,011	149,372	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 14,111	\$ 4,361	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ 300,135	\$ 314,958	\$ 323,651	
9	Capital Payroll	-	-	-	
10	Non-Operating Payroll	-	-	-	
11	Expense Payroll	300,135	314,958	323,651	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 14,822	\$ 8,693	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 28,934</u>	<u>\$ 13,054</u>	
14	Pro Forma Adjustment:				
15	7013	\$ -	\$ -	\$ -	
16	7014	\$ -	\$ -	\$ -	
17	7015	\$ 7,592	\$ 3,425	\$ -	
18	7017	\$ -	\$ -	\$ -	
19	7018	\$ 21,342	\$ 9,629	\$ -	
20	75052	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 6,954	\$ 15,270	\$ 16,182	
2	Workers Compensation	887	1,421	1,506	
3	Other (Exec Risk, Property, Surety Bond)	4,049	5,158	5,467	
4		<u>11,890</u>	<u>21,849</u>	<u>23,155</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (3,567)	(6,555)	(6,946)	‡
6	Subtotal Insurance	<u>\$ 8,323</u>	<u>\$ 15,294</u>	<u>\$ 16,208</u>	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	11,890			
9	Less: Present Rates 3/31/2021		8,323		
10	Less: Present Rates 3/31/2022			15,294	
11	Increase/(Decrease)	<u>\$ (3,567)</u>	<u>\$ 6,972</u>	<u>\$ 914</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 8,316	\$ 912	
14	7588	\$ -	\$ 534	\$ 85	
15	7598	\$ -	\$ 1,110	\$ 308	
16	7048	\$ (3,567)	\$ (2,988)	\$ (392)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 150,811	\$ 150,811	\$ 155,881	‡
2	Payroll Increase		3,706	3,817	‡
3	Employee Benefit Insurance Increase		1,364	1,432	‡
4	Management Fees All Other	81,590	81,590	81,590	
5	Total Expense Claim	\$ 232,401	\$ 237,471	\$ 242,721	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	218,247			
8	Less: Present Rates 3/31/2021		232,401		
9	Less: Present Rates 3/31/2022			237,471	
10	Increase/(Decrease)	\$ 14,155	\$ 5,070	\$ 5,249	
11	Pro Forma Adjustment:				
12	7349	\$ 14,155	\$ 5,070	\$ 5,249	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 49,362	\$ 49,362	\$ 56,497	‡
2	Payroll Increase		4,961	1,270	‡
3	Employee Benefit Increase		2,174	461	‡
4	Customer Operations All Other	16,919	16,919	16,919	
5	Total Expense Claim	\$ 66,281	\$ 73,415	\$ 75,146	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	62,252			
8	Less: Present Rates 3/31/2021		66,281		
9	Less: Present Rates 3/31/2022			73,415	
10	Increase/(Decrease)	\$ 4,029	\$ 7,134	\$ 1,731	
11	Pro Forma Adjustment:				
12	7367	\$ 4,029	\$ 7,134	\$ 1,731	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	Sludge Hauling Expense Normalization	14,927		
3	<b>Deductions:</b>			
4	Increase/(Decrease)	\$ 14,927	\$ -	\$ -
5	Pro Forma Adjustment:			
6	7758	\$ 14,927		

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES	
		3/31/2021	3/31/2022	3/31/2022	3/31/2023	3/31/2023	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	
		\$	-	\$	-	\$	-
							‡

1	Total Specific Expenses Not Subject to Inflation	\$	-	\$	-	\$	-
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‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 261,719	\$ 262,303	\$ 249,039	
2	Claimed Purchased Power Expense - Gas	-	-	-	
3		<u>\$ 261,719</u>	<u>\$ 262,303</u>	<u>\$ 249,039</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	269,976			
6	Less: Present Rates 3/31/2021		261,719		
7	Less: Present Rates 3/31/2022			262,303	
8	Increase/(Decrease)	<u>\$ (8,257)</u>	<u>\$ 584</u>	<u>\$ (13,264)</u>	
9	Pro Forma Adjustment:				
10	7151	\$ (8,163)	\$ 577	\$ (13,114)	
11	7153	\$ -	\$ -	\$ -	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ (94)	\$ 7	\$ (150)	
15	7163	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	Limerick	3,595,038	\$ 261,719	3,995,296	\$ 262,303	3,995,296	\$ 249,039
2								
3				\$ 261,719		\$ 262,303		\$ 249,039

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE THERMS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 3/31/2023 AMOUNT
1				\$ -		\$ -		\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The chemical expense claim was based on the normalized average expense for the three years ended March 31, 2021.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Chemical Expense Claim (3 Year Average Normalized)	\$ 18,111	\$ 18,111	\$ 18,111	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	16,058			
4	Less: Present Rates 3/31/2021		18,111		
5	Less: Present Rates 3/31/2022			18,111	
6	Increase/(Decrease)	<u>\$ 2,053</u>	<u>\$ -</u>	<u>\$ -</u>	
7	Pro Forma Adjustment:				
8	7183	\$ 2,053	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company is not claiming any adjustments to Purchased Wastewater Treatment Expense for Limerick in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Purchased Wastewater Expense	47,640	\$ 47,640	\$ 47,640 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	47,640		
4	Less: Present Rates 3/31/2021		47,640	
5	Less: Present Rates 3/31/2022			47,640
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7105	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense.  
Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Wastewater Intracompany Benefits	\$ 258,621	\$ 275,981	\$ 283,814	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	226,922			
4	Less: Present Rates 3/31/2021		258,621		
5	Less: Present Rates 3/31/2022			275,981	
6	Increase/(Decrease)	<u>\$ 31,699</u>	<u>\$ 17,360</u>	<u>\$ 7,833</u>	
7	Pro Forma Adjustment:				
8	7048	\$ 31,699	\$ 17,360	\$ 7,833	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 2,016,183	\$ 2,047,337	\$ 1,998,881
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	2,172,436		
4	Less: Present Rates 3/31/2021		2,016,183	
5	Less: Present Rates 3/31/2022			2,047,337
6	Increase/(Decrease)	<u>\$ (156,253)</u>	<u>\$ 31,154</u>	<u>\$ (48,456)</u>
7	Pro Forma Adjustment:			
8		\$ (156,253)	\$ 31,154	\$ (48,456)



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ -						
2	Present Rates at 3/31/21				\$ 24,415				
3	Present Rates at 3/31/22						\$ 25,311		
4	Present Rates at 3/31/23								\$ 25,311
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	17,361		637		-		26,903	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	7,054		259		-		10,932	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Pro Forma Adjustment		<u>\$ 24,415</u>		<u>\$ 896</u>		<u>\$ -</u>		<u>\$ 37,835</u>
10	Pro Forma Present Rates at March 31, 2021		<u>\$ 24,415</u>						
11	Pro Forma Present Rates at March 31, 2022				<u>\$ 25,311</u>				
12	Pro Forma Present Rates at March 31, 2023						<u>\$ 25,311</u>		
13	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 63,146</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 3,837,683	\$ 3,978,573	\$ 3,978,573	\$ 9,925,667
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	17,361	17,998	17,998	44,901
4	Total General Assessment Fees	\$ 17,361	\$ 17,998	\$ 17,998	\$ 44,901
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	-			
7	Less: Present Rates 3/31/2021		17,361		
8	Less: Present Rates 3/31/2022			17,998	
9	Less: Present Rates 3/31/2023				17,998
10	Increase/(Decrease)	\$ 17,361	\$ 637	\$ -	\$ 26,903
11	Pro Forma Adjustment:				
12	4081	\$ 17,361	\$ 637	\$ -	\$ 26,903

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT		PRESENT RATES 3/31/2022 AMOUNT		PRESENT RATES 3/31/2023 AMOUNT		PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues		\$ 3,837,683	\$	3,978,573	\$	3,978,573	\$	9,925,667
2	Estimated General Assessment Fee:								
3	Consumer Advocate Fee At	0.001625725256	6,239		6,468		6,468		16,136
4	Small Business Advocate Fee At	0.000184760982	709		735		735		1,834
5	Damage Prevention Fee At	0.000027700326	106		110		110		275
6	Total General Assessment Fees		\$ 7,054	\$	7,313	\$	7,313	\$	18,245
7	Less: Amount Charged to Taxes Other Than Income								
8	During the Twelve Months Ended 3/31/2021		-						
9	Less: Present Rates 3/31/2021				7,054				
10	Less: Present Rates 3/31/2022						7,313		
11	Less: Present Rates 3/31/2023								7,313
12	Increase/(Decrease)		<u>\$ 7,054</u>	<u>\$</u>	<u>259</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>10,932</u>
13	Pro Forma Adjustment:								
14	4081		\$ 7,054	\$	259	\$	-	\$	10,932

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23			
2 Capital Structure	\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate	
3 Long-term Debt	\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%	
4 Common Equity	\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%	
5	\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%	
6	PRESENT RATES			PRESENT RATES			PRESENT RATES			
7 Calculation of Interest:	3/31/21			3/31/22			3/31/23			
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$ 59,831,514		Schedule G-1 Col 4, Row 15	\$ 59,205,012		Schedule G-1 Col 5, Row 15	\$ 57,746,861		
9 Applicable Percentage		48.25%			44.47%			46.08%		
10 Applicable Portion of Rate Base		\$ 28,870,410			\$ 26,326,103			\$ 26,607,017		
11 Cost Rate		4.04%			4.01%			4.00%		
12 Pro-Forma Long-term Interest Expense		\$ 1,166,365			\$ 1,055,677			\$ 1,064,281		
13 Less: Interest on Long Term Debt Per Books 3/31/21		-								
14 Less: Interest on Long Term Debt Present Rates at 3/31/21					1,166,365					
15 Less: Interest on Long Term Debt Present Rates at 3/31/22								1,055,677		
16 Long Term Debt Pro Forma Adjustment		\$ 1,166,365			\$ (110,688)			\$ 8,604		

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (7,002)	\$ -	\$ -
2	Eliminate Interest During Construction	7,002	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 7,002	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (318,339)	\$ (281,744)	\$ (279,621)	\$ 823,932
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 3/31/21			(318,339)		
4	Less: Present Rates at 3/31/22				(281,744)	
5	Less: Present Rates at 3/31/23					(279,621)
6	Pro Forma Adjustment		<u>\$ (318,339)</u>	<u>\$ 36,595</u>	<u>\$ 2,123</u>	<u>\$ 1,103,553</u>
7	State Income Tax - Current	Schedule F-2	\$ (168,246)	\$ (148,905)	\$ (147,783)	\$ 435,459
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 3/31/21			(168,246)		
10	Less: Present Rates at 3/31/22				(148,905)	
11	Less: Present Rates at 3/31/23					(147,783)
12	Pro Forma Adjustment		<u>\$ (168,246)</u>	<u>\$ 19,341</u>	<u>\$ 1,122</u>	<u>\$ 583,242</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 78,676	\$ 67,438	\$ 65,919	\$ 65,919
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 3/31/21			78,676		
16	Less: Present Rates at 3/31/22				67,438	
17	Less: Present Rates at 3/31/23					65,919
18	Pro Forma Adjustment		<u>\$ 78,676</u>	<u>\$ (11,238)</u>	<u>\$ (1,519)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 3/31/21			-		
22	Less: Present Rates at 3/31/22				-	
23	Less: Present Rates at 3/31/23					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK  
COMPUTATION OF FEDERAL AND STATE INCOME TAXES  
UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ (143,133)	\$ (143,133)	\$ (113,734)	\$ (113,734)	\$ (101,133)	\$ (101,133)	\$ 5,737,123	\$ 5,737,123
2 Interest Expense	Schedule A-1	(1,166,365)	(1,166,365)	(1,055,677)	(1,055,677)	(1,064,281)	(1,064,281)	(1,064,281)	(1,064,281)
3 State Income Tax	[11]	168,246		148,905		147,783		(435,459)	
4 Tax Repair Deduction		-	-	-	-	-	-	-	-
5 Book Depreciation	Schedule A-1	2,016,183	2,016,183	2,047,337	2,047,337	1,998,881	1,998,881	1,998,881	1,998,881
6 Tax Depreciation		(2,390,831)	(2,390,831)	(2,368,468)	(2,368,468)	(2,312,779)	(2,312,779)	(2,312,779)	(2,312,779)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ (1,515,899)</u>	<u>\$ (1,684,146)</u>	<u>\$ (1,341,637)</u>	<u>\$ (1,490,542)</u>	<u>\$ (1,331,528)</u>	<u>\$ (1,479,311)</u>	<u>\$ 3,923,486</u>	<u>\$ 4,358,945</u>
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	(318,339)	(168,246)	(281,744)	(148,905)	(279,621)	(147,783)	823,932	435,459
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ (318,339)</u>	<u>\$ (168,246)</u>	<u>\$ (281,744)</u>	<u>\$ (148,905)</u>	<u>\$ (279,621)</u>	<u>\$ (147,783)</u>	<u>\$ 823,932</u>	<u>\$ 435,459</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	-	-	-	-	-	-	-	-
16 Normalized Book Depreciation		(2,016,183)		(2,047,337)		(1,998,881)		(1,998,881)	
17 Normalized Tax Depreciation		2,390,831		2,368,468		2,312,779		2,312,779	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	78,676	-	67,438	-	65,919	-	65,919	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		-		-		-		-	
22 Flowback of TCJA 2017 - 10 Years		-		-		-		-	
23 Total Flow Through		-	-	-	-	-	-	-	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ 78,676</u>	<u>\$ -</u>	<u>\$ 67,438</u>	<u>\$ -</u>	<u>\$ 65,919</u>	<u>\$ -</u>	<u>\$ 65,919</u>	<u>\$ -</u>
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (239,663)</u>	<u>\$ (168,246)</u>	<u>\$ (214,306)</u>	<u>\$ (148,905)</u>	<u>\$ (213,702)</u>	<u>\$ (147,783)</u>	<u>\$ 889,851</u>	<u>\$ 435,459</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 95,678,063	\$ 97,243,600	\$ 97,837,038
2 Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3		95,678,063	97,243,600	97,837,038
4 Less: Accumulated Depreciation	Schedule G-2	(34,613,228)	(36,514,117)	(38,525,920)
5 Net Plant in Service		<u>61,064,835</u>	<u>60,729,483</u>	<u>59,311,118</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	57,000	57,000	57,000
9		<u>57,000</u>	<u>57,000</u>	<u>57,000</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	(1,294,067)	(1,517,780)	(1,491,647)
12 Deferred Income Taxes	Schedule G-7	3,746	(63,692)	(129,610)
13 Investment Tax Credit		-	-	-
14		<u>(1,290,321)</u>	<u>(1,581,472)</u>	<u>(1,621,257)</u>
15 Total Rate Base		<u>\$ 59,831,514</u>	<u>\$ 59,205,012</u>	<u>\$ 57,746,861</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 95,678,063	\$ 95,678,063	\$ 97,243,600
2	Plus: Additions		1,726,467	656,250
3	Less: Retirements		(160,930)	(62,812)
4	Utility Plant in Service	<u>\$ 95,678,063</u>	<u>\$ 97,243,600</u>	<u>\$ 97,837,038</u>
5	Accumulated Depreciation	<u>(34,613,228)</u>	<u>(36,514,117)</u>	<u>(38,525,920)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL	DATE	AMORTIZATION	PRESENT RATES		FTY	PRESENT RATES		FPFTY	PRESENT RATES	
			ACQUISITION ADJUSTMENT		PERIOD	3/31/2021			3/31/2022			3/31/2023	
				CLOSED	20 YEARS	BALANCE	AMORTIZATIONS		BALANCE	AMORTIZATIONS		BALANCE	

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u></u>
17	At 3/31/2022 and 3/31/2023		<u><u>\$ -</u></u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 175,000	\$ 175,000	\$ 175,000
2	Cash Working Capital - Taxes	Schedule G-5.3	3,000	3,000	3,000
3	Cash Working Capital - Interest	Schedule G-5.4	(121,000)	(121,000)	(121,000)
4	Total Cash Working Capital Requirement		\$ 57,000	\$ 57,000	\$ 57,000



AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ 265,183
2	April	2020	301,422
3	May	2020	290,621
4	June	2020	288,692
5	July	2020	311,145
6	August	2020	343,065
7	September	2020	341,449
8	October	2020	368,855
9	November	2020	414,043
10	December	2020	401,897
11	January	2021	408,871
12	February	2021	405,945
13	March	2021	307,865
14	Total		<u>\$ 4,449,051</u>
15	Average Accounts Receivable Balance		\$ 342,235
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 3,843,065</u>
16	Average Daily Billing		\$ 10,529
18	Lag in Receipt of Payment		32.5
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>49.7</u></u>

Reference:

(a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS	
	(1)	(2)	(3)	(4)	(5)	
1	Hourly Labor	\$ 323,651	7.5	(a)	\$ 2,427,384	
2	Non-Union Labor	149,372	11.0	(b)	1,643,096	
3	Management Fee	245,560	16.0	(d)	3,928,958	
4	Electric Power	249,039	20.7	(c)	5,161,671	
5						
6	Employee Group Insurance	283,814	16.0	(d)	4,541,026	
7	Liability Insurance	23,155	(1.4)	(c)	(31,718)	
8	SFI Postage	17,572	(8.0)	(c)	(139,891)	
9	Pension	0	300.6	(c)	0	
10	SFAS106	0	365.7	(e)	0	
11	All Other Expenses (g)	707,187	25.5	(f)	18,033,269	
12	Total	<u>\$ 1,999,350</u>			<u>\$ 35,563,795</u>	
13	Average Lag Days in Payment of Expenses		<u>17.8</u>	Col 5, Row 12 / Col 2, Row 12		
14	Average Lag Days in Receipt of Revenues		<u>49.7</u>	Schedule G-5.1		
15	Average Lag Days between Payment of Expenses					
16	and Receipt of Revenue		<u>31.9</u>	[14] - [13]		
17	<table border="1"><tr><td>WORKING CAPITAL REQUIREMENT</td></tr></table>					WORKING CAPITAL REQUIREMENT
WORKING CAPITAL REQUIREMENT						
18	Pro-forma Annual Expense Per Day		\$ 5,478	Col 2, Row 12 / 365		
19	Cash Working Capital Required		\$ 174,738	[16] * [18]		
20	USE		<u>\$ 175,000</u>	* Rounded to nearest thousandth		

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 17,998	(197.5)	(a)	\$ (3,554,621)
2	OCA & SBA - General Assessments	7,313	(197.5)	(a)	(1,444,389)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(167.0)	(a)	-
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(147,783)	45.2	(a)	(6,679,799)
10	Federal Income Tax	(279,621)	33.4	(a)	(9,339,336)
11	Total	<u>\$ (402,093)</u>			<u>\$ (21,018,146)</u>
12	Average Lag Days in Payment of Taxes		<u>52.3</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>49.7</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(2.6)</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ (1,102)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 2,864	[15] * [17]	
19	USE		<u>\$ 3,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 1,064,281	91.3	(a)	\$ 97,115,612
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 1,064,281</u>			<u>\$ 97,115,612</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>49.7</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(41.6)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 2,916		
10	Cash Working Capital Required		\$ (121,299)		
11	USE		<u>\$ (121,000)</u>	* Rounded to nearest thousandth	

Reference:  
(a) Paid Semi-Annually  
(b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ 1,294,067	\$ 1,294,067	\$ 1,517,780
2	Plus: Contributions		248,313	-
3	Less: Amortization		(24,599)	(26,133)
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ (1,294,067)</u>	<u>\$ (1,517,780)</u>	<u>\$ (1,491,647)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - LIMERICK

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes		\$ (3,746)	\$ (3,746)	\$ 63,692
2	Change in Deferred Tax	Schedule F-2		67,438	65,919
3	Deferred Income Taxes		<u>\$ 3,746</u>	<u>\$ (63,692)</u>	<u>\$ (129,610)</u>

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Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	William C. Packer
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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD  
PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES				PRESENT RATES		PRESENT RATES		PROPOSED	
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	RATES AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Operating Revenues	\$ 977,666	\$ 1,074	\$ 978,740	\$ 35,830	\$ 1,014,569	\$ -	\$ 1,014,569	\$ 816,876	\$ 1,831,445	
2	Operating Expenses	1,042,993	19,970	1,062,964	29,296	1,092,260	23,265	1,115,524	9,753	1,125,277	
3	Depreciation	157,048	(9,870)	147,178	7,374	154,552	4,000	158,552		158,552	
4	Taxes, other than income :										
5	PUC assessment	-	4,428	4,428	162	4,590	-	4,590	3,695	8,285	
6	OCA & SBA assessments	-	1,799	1,799	66	1,865	-	1,865	1,502	3,367	
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-	
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-	
9	Local property taxes & misc.	4,600	-	4,600	-	4,600	-	4,600	-	4,600	
10	Federal & State payroll tax	-	-	-	-	-	-	-	-	-	
11	Total Taxes, other than income	4,600	6,227	10,827	228	11,054	-	11,054	5,197	16,251	
12	Utility Operating Income Before Tax	(226,975)	(15,253)	(242,229)	(1,068)	(243,297)	(27,265)	(270,562)	801,926	531,364	
13	Income Taxes:										
14	Federal Tax-Current	-	(76,985)	(76,985)	1,884	(75,100)	(5,167)	(80,267)	151,581	71,314	
15	Pa. CNI Tax-Current	-	(40,687)	(40,687)	996	(39,691)	(2,731)	(42,422)	80,112	37,690	
16	Federal Tax-Deferred	-	13,004	13,004	(771)	12,233	(687)	11,546	-	11,546	
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-	
18	ITC-Current	-	-	-	-	-	-	-	-	-	
19	ITC-Amortized	-	-	-	-	-	-	-	-	-	
20	Total Income Taxes	-	(104,668)	(104,668)	2,109	(102,558)	(8,585)	(111,143)	231,693	120,550	
21	Total Operating Revenue Deductions	1,204,641	(88,340)	1,116,300	39,007	1,155,308	18,680	1,173,988	246,643	1,420,631	
22	Utility Operating Income	(226,975)	89,414	(137,561)	(3,178)	(140,739)	(18,680)	(159,419)	570,233	410,814	
23	Income Deductions:										
24	Interest on Long-Term debt	-	103,127	103,127	(7,367)	95,761	3,342	99,102		99,102	
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-	
26	Other interest charges	-	-	-	-	-	-	-	-	-	
27	Interest during Construction	(549)	549	-	-	-	-	-	-	-	
28	Total Income Deductions	(549)	103,677	103,127	(7,367)	95,761	3,342	99,102	-	99,102	
29	Net Income	\$ (226,426)	\$ (14,262)	\$ (240,688)	\$ 4,189	\$ (236,500)	\$ (22,022)	\$ (258,521)	\$ 570,233	\$ 311,712	
30	Preferred Dividend										
31	Net Income-Common	\$ (226,426)	\$ (14,262)	\$ (240,688)	\$ 4,189	\$ (236,500)	\$ (22,022)	\$ (258,521)	\$ 570,233	\$ 311,712	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (2)	SERVED AT 3/31/2021 (3)	TO BE SERVED AT 3/31/2022 (4)	TO BE SERVED AT 3/31/2023 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Residential	1,209	1,210	1,210	1,210	1,210	-	-
2	Commercial	33	33	33	33	33	-	-
3	Industrial	-	-	-	-	-	-	-
4	Public	2	2	2	2	2	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	1,244	1,245	1,245	1,245	1,245	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	5,377,205
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	410,814
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	(159,419)
5	Operating Income Deficit		= \$	570,233
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	816,876

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ (137,561)	\$ 5,290,176	-2.60%
2	Present Rates March 31, 2022	\$ (140,739)	\$ 5,370,513	-2.62%
3	Present Rates March 31, 2023	\$ (159,419)	\$ 5,377,205	-2.96%
4	Proposed Rates March 31, 2023	\$ 410,814	\$ 5,377,205	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD  
STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED		PRESENT RATES		PRESENT RATES		PRESENT RATES		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	3/31/21	ADJUSTMENT	3/31/22	ADJUSTMENT	3/31/23	ADJUSTMENT	%	\$	AMOUNT	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	Residential	\$ 848,731	\$ (15,585)	\$ 833,146	\$ 31,095	\$ 864,242	\$ -	\$ 864,242	82.9%	\$ 716,161	\$ 1,580,402		
2	Commercial	126,496	1,037	127,533	4,672	132,205	-	132,205	75.0%	99,093	231,298		
3	Industrial	-	-	-	-	-	-	-	0.0%	1,622	1,622		
4	Public	1,586	97	1,683	62	1,744	-	1,744	0.0%	-	1,744		
5	Other	-	-	-	-	-	-	-	0.0%	-	-		
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-		
7	Total Sales to General Customers	976,812	(14,451)	962,361	35,830	998,191	-	998,191	81.8%	816,876	1,815,067		
8	Forfeited Discounts	853	-	853	-	853	-	853	0.0%	-	853		
9	Other WW Revenues	-	15,525	15,525	-	15,525	-	15,525	0.0%	-	15,525		
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-	-		
11	Total Other WW Revenues	853	15,525	16,378	-	16,378	-	16,378	0.0%	-	16,378		
12	Total Operating Revenue	\$ 977,666	\$ 1,074	\$ 978,740	\$ 35,830	\$ 1,014,569	\$ -	\$ 1,014,569	80.5%	\$ 816,876	\$ 1,831,445		

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 977,666				
2	Present Rates at 3/31/21					\$ 978,740		
3	Present Rates at 3/31/22							\$ 1,014,569
4	Unbilled Revenue Adjustment	Schedule B-3	1,074		-		-	
5	DSIC Annualization	Schedule B-4	-		35,830		-	
6	Miscellaneous Revenue Adjustment	Schedule B-5	-		-		-	
7	Pro Forma Adjustment			<u>1,074</u>		<u>35,830</u>		<u>-</u>
8	Pro Forma Present Rates at March 31, 2021			<u>\$ 978,740</u>				
9	Pro Forma Present Rates at March 31, 2022					<u>\$ 1,014,569</u>		
10	Pro Forma Present Rates at March 31, 2023							<u>\$ 1,014,569</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 60
2	Commercial	(1,037)
3	Industrial	-
4	Public	(97)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>(1,074)</u>
8	Forfeited Discounts	-
9	Other WW Revenues	-
10	Miscellaneous WW Service Revenues	-
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ (1,074)</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ANNUALIZATION

This revenue adjustment is being made to reflect the annualization of the Distribution System Improvement Charge revenues for March 31, 2022 based on the Company's pro forma level at March 31, 2022 and the 5.00% rate that is expected to become effective on January 1, 2022.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES
		3/31/2021 DSIC REVENUE	3/31/2022 DSIC REVENUE	3/31/2022 ADJUSTMENT
1	Residential	\$ 10,799	\$ 41,895	\$ 31,095
2	Commercial	1,623	6,295	4,672
3	Industrial	-	-	-
4	Public	21	83	62
5	Other	-	-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	12,443	48,273	35,830
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ 12,443	\$ 48,273	\$ 35,830

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

MISCELLANEOUS REVENUE ADJUSTMENT

The following adjustments reflect miscellaneous additions or deductions from pro forma revenues.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2021 ADJUSTMENT	PRESENT RATES 3/31/2021 AMOUNT
1	Residential	\$ 15,525	\$ (15,525)	\$ -
2	Commercial			-
3	Industrial			-
4	Public			-
5	Other			-
6	Availability Charge			-
7	Total Sales to General Customers	15,525	(15,525)	-
8	Forfeited Discounts			-
9	Other WW Revenues		15,525	15,525
10	Miscellaneous WW Service Revenues			-
11	Total Other WW Revenues	-	15,525	15,525
12	Total Operating Revenue	\$ 15,525	\$ -	\$ 15,525

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7151	Purchased Power	12,199	12,297	12,461	12,168
4		-Maintenance-				
5	7362	OS Other	254	254	258	262
6						
7		Total Collection Expense	<u>\$ 12,452</u>	<u>\$ 12,550</u>	<u>\$ 12,719</u>	<u>\$ 12,430</u>
8						
9		--Pumping--				
10		-Operations-				
11	7203	Supplies	182	182	185	189
12	7363	OS Other	97,493	97,493	99,199	100,886
13		-Maintenance-				
14	7364	OS Other	58,065	58,065	59,081	60,085
15						
16		Total Pumping Expense	<u>\$ 155,740</u>	<u>\$ 155,740</u>	<u>\$ 158,466</u>	<u>\$ 161,159</u>
17						
18		--Treatment & Disposal--				
19		-Operations-				
20	7105	Purchased Wastewater	791,040	796,963	818,014	834,514
21	7365	OS Other	709	709	722	734
22		-Maintenance-				
23	7366	OS Other	540	540	549	559
24						
25		Total Treatment & Disposal Expense	<u>\$ 792,290</u>	<u>\$ 798,212</u>	<u>\$ 819,285</u>	<u>\$ 835,807</u>
26						

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
27		--Customer Accounting--				
28	7367	OS Other	19,775	20,551	22,286	22,834
29	7707	Bad Debt	340	11,490	11,918	11,918
30						
31		Total Customer Accounting Expense	<u>\$ 20,114</u>	<u>\$ 32,040</u>	<u>\$ 34,204</u>	<u>\$ 34,752</u>
32						
33		--Administrative and General--				
34	7018	Labor	142	142	157	162
35	7048	Employee Benefits	-	(703)	(1,343)	(1,426)
36	7328	OS Accounting	2,033	2,033	2,068	2,103
37	7338	OS Legal	4,893	4,893	4,979	5,063
38	7349	Management Fees	48,268	50,994	52,420	53,881
39	7368	OS Other	1,324	1,324	1,347	1,370
40	7578	Insurance	1,536	1,536	3,351	3,560
41	7588	Insurance	196	196	312	330
42	7598	Insurance	895	895	1,132	1,191
43	7758	Other	3,110	3,110	3,164	3,218
44	7668	Amortization of Rate Case	-	-	-	1,924
45						
46		Total Admin & General Expense	<u>\$ 62,397</u>	<u>\$ 64,421</u>	<u>\$ 67,586</u>	<u>\$ 71,376</u>
47						
48		Total Operating Expenses	<u>\$ 1,042,993</u>	<u>\$ 1,062,964</u>	<u>\$ 1,092,260</u>	<u>\$ 1,115,524</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 142	\$ -	\$ 142	\$ 15	\$ 157	\$ 5	\$ 162
2 Employee Benefits	-	(703)	(703)	(641)	(1,343)	(83)	(1,426)
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	791,040	5,923	796,963	21,051	818,014	16,500	834,514
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	12,199	98	12,297	164	12,461	(293)	12,168
7 Chemicals	-	-	-	-	-	-	-
8 Supplies	182	-	182	3	185	3	189
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	2,033	-	2,033	36	2,068	35	2,103
11 OS Legal	4,893	-	4,893	86	4,979	85	5,063
12 OS Lab Testing	-	-	-	-	-	-	-
13 OS Other	178,160	776	178,936	4,507	183,443	3,288	186,730
14 Management Fees	48,268	2,726	50,994	1,426	52,420	1,461	53,881
15 Leases	-	-	-	-	-	-	-
16 Transportation	-	-	-	-	-	-	-
17 Insurance	2,628	-	2,628	2,166	4,794	286	5,081
18 Other	3,110	-	3,110	54	3,164	54	3,218
19 Bad Debt	340	11,150	11,490	428	11,918	-	11,918
20 Amortization of Rate Case	-	-	-	-	-	1,924	1,924
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 1,042,993		\$ 1,062,964		\$ 1,092,260		\$ 1,115,524
25 Pro Forma Adjustments		\$ 19,970		\$ 29,296		\$ 23,265	
26 Uncollectibles @ Proposed Rates							\$ 9,753
27 Proposed Rates @ 3/31/23							<u>\$ 1,125,277</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 1,042,993				
2	Present Rates at 3/31/21					\$ 1,062,964		
3	Present Rates at 3/31/22							\$ 1,092,260
4	General Price Level Adjustment	Schedule C-4.1	-		3,434		3,394	
5	Uncollectible Accounts	Schedule C-4.2	11,150		428		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		1,924	
8	Payroll	Schedule C-4.5	-		15		5	
9	Insurance Expense	Schedule C-4.6	(788)		1,516		201	
10	Management Service & Sundry	Schedule C-4.7	2,726		1,112		1,152	
11	Customer Service & Sundry	Schedule C-4.8	776		1,565		380	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	-		-		-	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	98		164		(293)	
16	Chemicals	Schedule C-6.2	-		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	5,923		21,051		16,500	
18	Employee Benefits	Schedule C-8.1	86		9		3	
19	Pro Forma Adjustments			\$ 19,970		\$ 29,296		\$ 23,265
20	Pro Forma Present Rates at March 31, 2021			\$ 1,062,964				
21	Pro Forma Present Rates at March 31, 2022					\$ 1,092,260		
22	Pro Forma Present Rates at March 31, 2023							\$ 1,115,524

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 1,062,964	
3	Present Rates 3/31/2022		\$ 1,092,260
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	143	158
6	Employee Benefits	(703)	(1,343)
7	Purchased Wastewater	796,963	818,014
8	Sludge	-	-
9	Purchased Power	12,297	12,461
10	Chemicals	-	-
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	10,831	12,397
17	Management Fees	33,091	34,204
18	Leases	-	-
19	Transportation	-	-
20	Insurance	2,628	4,794
21	Other	-	-
22	Bad Debt	11,490	11,918
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 866,740	\$ 892,602
28	Total Operating Expenses Subject to Effects of Inflation	\$ 196,224	\$ 199,658
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 3,434	\$ 3,394

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)			
1	Second Quarter	2021	1.900%	(a)
2	Third Quarter	2021	1.700%	(a)
3	Fourth Quarter	2021	1.700%	(a)
4	First Quarter	2022	1.700%	(b)
5	Annual Average for the Period Ending 3/31/2022			1.750%
6	Second Quarter	2022	1.700%	(b)
7	Third Quarter	2022	1.700%	(b)
8	Fourth Quarter	2022	1.700%	(b)
9	First Quarter	2023	1.700%	(c)
10	Annual Average for the Period Ending 3/31/2023			1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 976,812	\$ 962,361	\$ 998,191	\$ 998,191
2	Annualized Uncollectible Account based on Experience Factor @ 1.19391%		11,490	11,918	11,918 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		340		
5	Less: Present Rates 3/31/2021			11,490	
6	Less: Present Rates 3/31/2022				11,918
7	Increase/(Decrease)		<u>\$ 11,150</u>	<u>\$ 428</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 11,150	\$ 428	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	0.26%	\$ 5,772	\$ 1,924	
12	Normalization Period		36 Months		
13		PRESENT RATES	PRESENT RATES		
14		3/31/2022	3/31/2023		
15		AMOUNT	AMOUNT		
16	Annual Expense on a 36 Month Normalized Basis	\$	-	\$ 1,924	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		-		
19	Less: Present Rates 3/31/2022			-	
20	Increase/(Decrease)	\$	-	\$ 1,924	
21	Pro Forma Adjustment:				
22	7668			\$ 1,924	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 143	\$ 158	\$ 163	
3	Capital Payroll	-	-	-	
4	Non-Operating Payroll	-	-	-	
5	Expense Payroll	143	158	163	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 15	\$ 5	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ -	\$ -	\$ -	
9	Capital Payroll	-	-	-	
10	Non-Operating Payroll	-	-	-	
11	Expense Payroll	-	-	-	‡
12	Union Expense Payroll Increase/(Decrease)		\$ -	\$ -	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 15</u>	<u>\$ 5</u>	
14	Pro Forma Adjustment:				
15	7013	\$ -	\$ -	\$ -	
16	7014	\$ -	\$ -	\$ -	
17	7015	\$ -	\$ -	\$ -	
18	7017	\$ -	\$ -	\$ -	
19	7018	\$ 15	\$ 5	\$ 5	
20	75052	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 1,536	\$ 3,351	\$ 3,551	
2	Workers Compensation	196	312	330	
3	Other (Exec Risk, Property, Surety Bond)	895	1,132	1,200	
4		<u>2,628</u>	<u>4,794</u>	<u>5,081</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (788)	(1,438)	(1,524)	‡
6	Subtotal Insurance	<u>\$ 1,839</u>	<u>\$ 3,356</u>	<u>\$ 3,556</u>	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	2,628			
9	Less: Present Rates 3/31/2021		1,839		
10	Less: Present Rates 3/31/2022			3,356	
11	Increase/(Decrease)	<u>\$ (788)</u>	<u>\$ 1,516</u>	<u>\$ 201</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 1,814	\$ 200	
14	7588	\$ -	\$ 116	\$ 19	
15	7598	\$ -	\$ 237	\$ 68	
16	7048	\$ (788)	\$ (650)	\$ (86)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 33,091	\$ 33,091	\$ 34,204	‡
2	Payroll Increase		813	838	‡
3	Employee Benefit Insurance Increase		299	314	‡
4	Management Fees All Other	17,903	17,903	17,903	
5	Total Expense Claim	\$ 50,994	\$ 52,106	\$ 53,258	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	48,268			
8	Less: Present Rates 3/31/2021		50,994		
9	Less: Present Rates 3/31/2022			52,106	
10	Increase/(Decrease)	\$ 2,726	\$ 1,112	\$ 1,152	
11	Pro Forma Adjustment:				
12	7349	\$ 2,726	\$ 1,112	\$ 1,152	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 10,831	\$ 10,831	\$ 12,397	‡
2	Payroll Increase		1,088	279	‡
3	Employee Benefit Increase		477	101	‡
4	Customer Operations All Other	3,712	3,712	3,712	
5	Total Expense Claim	\$ 14,543	\$ 16,109	\$ 16,489	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	13,768			
8	Less: Present Rates 3/31/2021		14,543		
9	Less: Present Rates 3/31/2022			16,109	
10	Increase/(Decrease)	\$ 776	\$ 1,565	\$ 380	
11	Pro Forma Adjustment:				
12	7367	\$ 776	\$ 1,565	\$ 380	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	<b>Deductions:</b>			
3	Increase/(Decrease)	\$ -	\$ -	\$ -
4	Pro Forma Adjustment:			
5	7758	\$ -		



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1		\$ -	\$ -	\$ - ‡
2	Total Specific Expenses Not Subject to Inflation	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 10,987	\$ 11,135	\$ 10,826	
2	Claimed Purchased Power Expense - Gas	1,310	1,326	1,342	
3		<u>\$ 12,297</u>	<u>\$ 12,461</u>	<u>\$ 12,168</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	12,199			
6	Less: Present Rates 3/31/2021		12,297		
7	Less: Present Rates 3/31/2022			12,461	
8	Increase/(Decrease)	<u>\$ 98</u>	<u>\$ 164</u>	<u>\$ (293)</u>	
9	Pro Forma Adjustment:				
10	7151	\$ 98	\$ 164	\$ (293)	
11	7153	\$ -	\$ -	\$ -	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ -	\$ -	\$ -	
15	7163	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	East Bradford	85,876	\$ 10,987	93,072	\$ 11,135	93,072	\$ 10,826
2				\$ 10,987		\$ 11,135		\$ 10,826

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE THERMS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	East Bradford	281	\$ 1,310	281	\$ 1,326	281	\$ 1,342
2				<u>\$ 1,310</u>		<u>\$ 1,326</u>		<u>\$ 1,342</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The Company is not making a claim for chemical expenses for East Bradford in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Chemical Expense Claim	\$ -	\$ -	\$ - ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7183	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense normalizes the cost of services provided by the wastewater treatment provider in the historic test year for the Company's East Bradford collection system and assumes a cost increase of 2.64% and 2.00% in the future test year and fully projected future test year, respectively. The service provider is The Borough of West Chester.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Wastewater Expense	\$ 796,963	\$ 818,014	\$ 834,514	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	791,040			
4	Less: Present Rates 3/31/2021		796,963		
5	Less: Present Rates 3/31/2022			818,014	
6	Increase/(Decrease)	<u>\$ 5,923</u>	<u>\$ 21,051</u>	<u>\$ 16,500</u>	
7	Pro Forma Adjustment:				
8	7105	\$ 5,923	\$ 21,051	\$ 16,500	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Wastewater Intracompany Benefits	\$ 86	\$ 95	\$ 98 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		86	
5	Less: Present Rates 3/31/2022			95
6	Increase/(Decrease)	<u>\$ 86</u>	<u>\$ 9</u>	<u>\$ 3</u>
7	Pro Forma Adjustment:			
8	7048	\$ 86	\$ 9	\$ 3

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 147,178	\$ 154,552	\$ 158,552
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	157,048		
4	Less: Present Rates 3/31/2021		147,178	
5	Less: Present Rates 3/31/2022			154,552
6	Increase/(Decrease)	<u>\$ (9,870)</u>	<u>\$ 7,374</u>	<u>\$ 4,000</u>
7	Pro Forma Adjustment:			
8		\$ (9,870)	\$ 7,374	\$ 4,000

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ 4,600						
2	Present Rates at 3/31/21				\$ 10,827				
3	Present Rates at 3/31/22						\$ 11,054		
4	Present Rates at 3/31/23								\$ 11,054
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	4,428		162		-		3,695	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	1,799		66		-		1,502	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Pro Forma Adjustment		<u>\$ 6,227</u>		<u>\$ 228</u>		<u>\$ -</u>		<u>\$ 5,197</u>
10	Pro Forma Present Rates at March 31, 2021		<u>\$ 10,827</u>						
11	Pro Forma Present Rates at March 31, 2022				<u>\$ 11,054</u>				
12	Pro Forma Present Rates at March 31, 2023						<u>\$ 11,054</u>		
13	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 16,251</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 978,740	\$ 1,014,569	\$ 1,014,569	\$ 1,831,445
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	4,428	4,590	4,590	8,285
4	Total General Assessment Fees	\$ 4,428	\$ 4,590	\$ 4,590	\$ 8,285
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	-			
7	Less: Present Rates 3/31/2021		4,428		
8	Less: Present Rates 3/31/2022			4,590	
9	Less: Present Rates 3/31/2023				4,590
10	Increase/(Decrease)	\$ 4,428	\$ 162	\$ -	\$ 3,695
11	Pro Forma Adjustment:				
12	4081	\$ 4,428	\$ 162	\$ -	\$ 3,695

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 978,740	\$ 1,014,569	\$ 1,014,569	\$ 1,831,445
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001625725256	1,591	1,649	1,649	2,977
4	Small Business Advocate Fee At 0.000184760982	181	187	187	338
5	Damage Prevention Fee At 0.000027700326	27	28	28	51
6	Total General Assessment Fees	\$ 1,799	\$ 1,865	\$ 1,865	\$ 3,367
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 3/31/2021	-			
9	Less: Present Rates 3/31/2021		1,799		
10	Less: Present Rates 3/31/2022			1,865	
11	Less: Present Rates 3/31/2023				1,865
12	Increase/(Decrease)	<u>\$ 1,799</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 1,502</u>
13	Pro Forma Adjustment:				
14	4081	\$ 1,799	\$ 66	\$ -	\$ 1,502

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ 4,600	\$ 4,600	\$ 4,600
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	4,600		
4	Less: Present Rates 3/31/2021		4,600	
5	Less: Present Rates 3/31/2022			4,600
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23			
2 Capital Structure	\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate	
3 Long-term Debt	\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%	
4 Common Equity	\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%	
5	\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%	
6	PRESENT RATES			PRESENT RATES			PRESENT RATES			
7 Calculation of Interest:	3/31/21			3/31/22			3/31/23			
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$ 5,290,176		Schedule G-1 Col 4, Row 15	\$ 5,370,513		Schedule G-1 Col 5, Row 15	\$ 5,377,205		
9 Applicable Percentage		48.25%			44.47%			46.08%		
10 Applicable Portion of Rate Base		\$ 2,552,661			\$ 2,388,052			\$ 2,477,561		
11 Cost Rate		4.04%			4.01%			4.00%		
12 Pro-Forma Long-term Interest Expense		\$ 103,127			\$ 95,761			\$ 99,102		
13 Less: Interest on Long Term Debt Per Books 3/31/21		-								
14 Less: Interest on Long Term Debt Present Rates at 3/31/21					103,127					
15 Less: Interest on Long Term Debt Present Rates at 3/31/22								95,761		
16 Long Term Debt Pro Forma Adjustment		\$ 103,127			\$ (7,367)			\$ 3,342		

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (549)	\$ -	\$ -
2	Eliminate Interest During Construction	549	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 549	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (76,985)	\$ (75,100)	\$ (80,267)	\$ 71,314
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 3/31/21			(76,985)		
4	Less: Present Rates at 3/31/22				(75,100)	
5	Less: Present Rates at 3/31/23					(80,267)
6	Pro Forma Adjustment		<u>\$ (76,985)</u>	<u>\$ 1,884</u>	<u>\$ (5,167)</u>	<u>\$ 151,581</u>
7	State Income Tax - Current	Schedule F-2	\$ (40,687)	\$ (39,691)	\$ (42,422)	\$ 37,690
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 3/31/21			(40,687)		
10	Less: Present Rates at 3/31/22				(39,691)	
11	Less: Present Rates at 3/31/23					(42,422)
12	Pro Forma Adjustment		<u>\$ (40,687)</u>	<u>\$ 996</u>	<u>\$ (2,731)</u>	<u>\$ 80,112</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 13,004	\$ 12,233	\$ 11,546	\$ 11,546
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 3/31/21			13,004		
16	Less: Present Rates at 3/31/22				12,233	
17	Less: Present Rates at 3/31/23					11,546
18	Pro Forma Adjustment		<u>\$ 13,004</u>	<u>\$ (771)</u>	<u>\$ (687)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 3/31/21			-		
22	Less: Present Rates at 3/31/22				-	
23	Less: Present Rates at 3/31/23					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

COMPUTATION OF FEDERAL AND STATE INCOME TAXES

UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ (242,229)	\$ (242,229)	\$ (243,297)	\$ (243,297)	\$ (270,562)	\$ (270,562)	\$ 531,364	\$ 531,364
2 Interest Expense	Schedule A-1	(103,127)	(103,127)	(95,761)	(95,761)	(99,102)	(99,102)	(99,102)	(99,102)
3 State Income Tax	[11]	40,687		39,691		42,422		(37,690)	
4 Tax Repair Deduction		-	-	-	-	-	-	-	-
5 Book Depreciation	Schedule A-1	147,178	147,178	154,552	154,552	158,552	158,552	158,552	158,552
6 Tax Depreciation		(209,102)	(209,102)	(212,805)	(212,805)	(213,535)	(213,535)	(213,535)	(213,535)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ (366,593)</u>	<u>\$ (407,281)</u>	<u>\$ (357,620)</u>	<u>\$ (397,311)</u>	<u>\$ (382,225)</u>	<u>\$ (424,647)</u>	<u>\$ 339,589</u>	<u>\$ 377,279</u>
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	(76,985)	(40,687)	(75,100)	(39,691)	(80,267)	(42,422)	71,314	37,690
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ (76,985)</u>	<u>\$ (40,687)</u>	<u>\$ (75,100)</u>	<u>\$ (39,691)</u>	<u>\$ (80,267)</u>	<u>\$ (42,422)</u>	<u>\$ 71,314</u>	<u>\$ 37,690</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	-	-	-	-	-	-	-	-
16 Normalized Book Depreciation		(147,178)		(154,552)		(158,552)		(158,552)	
17 Normalized Tax Depreciation		209,102		212,805		213,535		213,535	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	13,004	-	12,233	-	11,546	-	11,546	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		-		-		-		-	
22 Flowback of TCJA 2017 - 10 Years		-		-		-		-	
23 Total Flow Through		-	-	-	-	-	-	-	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ 13,004</u>	<u>\$ -</u>	<u>\$ 12,233</u>	<u>\$ -</u>	<u>\$ 11,546</u>	<u>\$ -</u>	<u>\$ 11,546</u>	<u>\$ -</u>
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (63,980)</u>	<u>\$ (40,687)</u>	<u>\$ (62,867)</u>	<u>\$ (39,691)</u>	<u>\$ (68,721)</u>	<u>\$ (42,422)</u>	<u>\$ 82,860</u>	<u>\$ 37,690</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 8,085,234	\$ 8,305,175	\$ 8,469,967
2 Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3		8,085,234	8,305,175	8,469,967
4 Less: Accumulated Depreciation	Schedule G-2	(2,857,671)	(2,985,043)	(3,131,596)
5 Net Plant in Service		<u>5,227,562</u>	<u>5,320,132</u>	<u>5,338,371</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	62,000	62,000	62,000
9		<u>62,000</u>	<u>62,000</u>	<u>62,000</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	-	-	-
12 Deferred Income Taxes	Schedule G-7	614	(11,619)	(23,166)
13 Investment Tax Credit		-	-	-
14		<u>614</u>	<u>(11,619)</u>	<u>(23,166)</u>
15 Total Rate Base		<u>\$ 5,290,176</u>	<u>\$ 5,370,513</u>	<u>\$ 5,377,205</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 8,085,234	\$ 8,085,234	\$ 8,305,175
2	Plus: Additions		238,813	175,375
3	Less: Retirements		(18,872)	(10,583)
4	Utility Plant in Service	<u>\$ 8,085,234</u>	<u>\$ 8,305,175</u>	<u>\$ 8,469,967</u>
5	Accumulated Depreciation	<u>(2,857,671)</u>	<u>(2,985,043)</u>	<u>(3,131,596)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL	DATE CLOSED	AMORTIZATION	PRESENT RATES		FTY	PRESENT RATES		FPFTY	PRESENT RATES	
			ACQUISITION ADJUSTMENT		PERIOD 20 YEARS	3/31/2021 BALANCE	AMORTIZATIONS		3/31/2022 BALANCE	AMORTIZATIONS		3/31/2023 BALANCE	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<u>\$ -</u>
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<u></u>
17	At 3/31/2022 and 3/31/2023		<u><u>\$ -</u></u>



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 71,000	\$ 71,000	\$ 71,000
2	Cash Working Capital - Taxes	Schedule G-5.3	3,000	3,000	3,000
3	Cash Working Capital - Interest	Schedule G-5.4	(12,000)	(12,000)	(12,000)
4	Total Cash Working Capital Requirement		\$ 62,000	\$ 62,000	\$ 62,000

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ 86,186
2	April	2020	82,304
3	May	2020	71,882
4	June	2020	79,542
5	July	2020	80,807
6	August	2020	81,658
7	September	2020	79,126
8	October	2020	84,678
9	November	2020	90,131
10	December	2020	84,581
11	January	2021	80,920
12	February	2021	90,282
13	March	2021	83,261
14	Total		<u>\$ 1,075,360</u>
15	Average Accounts Receivable Balance		\$ 82,720
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 977,666</u>
16	Average Daily Billing		\$ 2,679
18	Lag in Receipt of Payment		30.9
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>48.1</u></u>

Reference:

(a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ -	7.5	(a)	\$ -
2	Non-Union Labor	163	11.0	(b)	1,792
3	Management Fee	53,881	16.0	(d)	862,099
4	Electric Power	12,168	20.7	(c)	252,196
5					
6	Employee Group Insurance	98	16.0	(d)	1,564
7	Liability Insurance	5,081	(1.4)	(c)	(6,960)
8	SFI Postage	3,856	(8.0)	(c)	(30,698)
9	Pension	0	300.6	(c)	0
10	SFAS106	0	365.7	(e)	0
11	All Other Expenses (g)	1,026,437	25.5	(f)	26,174,133
12	Total	<u>\$ 1,101,683</u>			<u>\$ 27,254,127</u>
13	Average Lag Days in Payment of Expenses		<u>24.7</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>48.1</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>23.4</u>	[14] - [13]	
17	<div>WORKING CAPITAL REQUIREMENT</div>				
18	Pro-forma Annual Expense Per Day		\$ 3,018	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 70,628	[16] * [18]	
20	USE		<u>\$ 71,000</u>	* Rounded to nearest thousandth	

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 4,590	(197.5)	(a)	\$ (906,458)
2	OCA & SBA - General Assessments	1,865	(197.5)	(a)	(368,331)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	4,600	(167.0)	(a)	(768,170)
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(42,422)	45.2	(a)	(1,917,485)
10	Federal Income Tax	(80,267)	33.4	(a)	(2,680,924)
11	Total	<u>\$ (111,635)</u>			<u>\$ (6,641,368)</u>
12	Average Lag Days in Payment of Taxes		<u>59.5</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>48.1</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(11.4)</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ (306)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 3,487	[15] * [17]	
19	USE		<u>\$ 3,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 99,102	91.3	(a)	\$ 9,043,099
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 99,102</u>			<u>\$ 9,043,099</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>48.1</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(43.2)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 272		
10	Cash Working Capital Required		\$ (11,729)		
11	USE		<u>\$ (12,000)</u>	* Rounded to nearest thousandth	

Reference:

- (a) Paid Semi-Annually
- (b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ -	\$ -	\$ -
2	Plus: Contributions		-	-
3	Less: Amortization		-	-
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST BRADFORD

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes		\$ (614)	\$ (614)	\$ 11,619
2	Change in Deferred Tax	Schedule F-2		12,233	11,546
3	Deferred Income Taxes		<u>\$ 614</u>	<u>\$ (11,619)</u>	<u>\$ (23,166)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAMTABLE OF CONTENTS TO EXHIBIT 1-E WASTEWATER CHELTENHAM

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Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates March 31, 2023	A-3	William C. Packer
Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended March 31, 2021 And Anticipated Under Present And Proposed Rates For The Test Years Ended March 31, 2022 And March 31, 2023	A-4	William C. Packer
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Operating Revenues - DSIC Adjustment	B-4	Erin M. Feeney
<b>C Operating Expenses</b>		
Notes To Statement Of Income Operating Expenses Expense Detail Accounts	C-1	William C. Packer
Operating Expenses Summary Of Expense Accounts	C-2	William C. Packer
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Operating Expenses - Insurance Expense	C-4.6	Christopher M. Henkel
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AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAMTABLE OF CONTENTS TO EXHIBIT 1-E WASTEWATER CHELTENHAM

	Schedule	Witness
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<b>E Interest Expense</b>		
Interest On Long-Term Debt	E-1	William C. Packer
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Other Interest Charges	E-3	William C. Packer
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<b>F Income Taxes</b>		
Summary Of Adjustments To Income Taxes	F-1	Christine Saball
Computation Of Federal And State Income Taxes Under Present And Proposed Rates	F-2	Christine Saball
<b>G Rate Base</b>		
Rate Base As Of March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	G-1	William C. Packer
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Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	William C. Packer
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Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Erin M. Feeney & John J. Spanos
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AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM  
PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES			PRESENT RATES			PRESENT RATES			PROPOSED RATES AMOUNT
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Operating Revenues	\$ 7,288,908	\$ (30,168)	\$ 7,258,740	\$ -	\$ 7,258,740	\$ -	\$ 7,258,740	\$ 3,057,334	\$ 10,316,074	
2	Operating Expenses	3,576,436	377,129	3,953,565	371,521	4,325,086	250,838	4,575,924	36,502	4,612,426	
3	Depreciation	1,069,247	(111,200)	958,047	25,049	983,096	28,674	1,011,770		1,011,770	
4	Taxes, other than income :										
5	PUC assessment	-	32,837	32,837	-	32,837	-	32,837	13,831	46,667	
6	OCA & SBA assessments	-	13,343	13,343	-	13,343	-	13,343	5,620	18,963	
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-	
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-	
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-	
10	Federal & State payroll tax	-	-	-	-	-	-	-	-	-	
11	Total Taxes, other than income	-	46,180	46,180	-	46,180	-	46,180	19,451	65,630	
12	Utility Operating Income Before Tax	2,643,224	(342,276)	2,300,948	(396,570)	1,904,378	(279,512)	1,624,866	3,001,382	4,626,247	
13	Income Taxes:										
14	Federal Tax-Current	-	120,410	120,410	(72,041)	48,369	(71,821)	(23,451)	567,324	543,873	
15	Pa. CNI Tax-Current	-	63,638	63,638	(38,075)	25,564	(37,958)	(12,394)	299,838	287,444	
16	Federal Tax-Deferred	-	167,973	167,973	7,297	175,270	9,098	184,368	-	184,368	
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-	
18	ITC-Current	-	-	-	-	-	-	-	-	-	
19	ITC-Amortized	-	-	-	-	-	-	-	-	-	
20	Total Income Taxes	-	352,021	352,021	(102,818)	249,203	(100,681)	148,522	867,162	1,015,684	
21	Total Operating Revenue Deductions	4,645,684	664,129	5,309,813	293,752	5,603,565	178,831	5,782,396	923,115	6,705,510	
22	Utility Operating Income	2,643,224	(694,298)	1,948,927	(293,752)	1,655,175	(178,831)	1,476,344	2,134,219	3,610,563	
23	Income Deductions:										
24	Interest on Long-Term debt	-	864,057	864,057	(50,192)	813,865	57,126	870,992		870,992	
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-	
26	Other interest charges	-	-	-	-	-	-	-	-	-	
27	Interest during Construction	(20,083)	20,083	-	-	-	-	-	-	-	
28	Total Income Deductions	(20,083)	884,140	864,057	(50,192)	813,865	57,126	870,992	-	870,992	
29	Net Income	\$ 2,663,307	\$ (1,578,438)	\$ 1,084,869	\$ (243,560)	\$ 841,309	\$ (235,957)	\$ 605,352	\$ 2,134,219	\$ 2,739,572	
30	Preferred Dividend										
31	Net Income-Common	\$ 2,663,307	\$ (1,578,438)	\$ 1,084,869	\$ (243,560)	\$ 841,309	\$ (235,957)	\$ 605,352	\$ 2,134,219	\$ 2,739,572	

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (2)	SERVED AT 3/31/2021 (3)	TO BE SERVED AT 3/31/2022 (4)	TO BE SERVED AT 3/31/2023 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
	(1)							
1	Residential	9,460	9,460	9,460	9,460	9,460	-	-
2	Commercial	436	434	434	434	434	-	-
3	Industrial	8	8	8	8	8	-	-
4	Public	19	18	18	18	18	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	9,923	9,920	9,920	9,920	9,920	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	47,259,177
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	3,610,563
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	1,476,344
5	Operating Income Deficit		= \$	2,134,219
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	3,057,334

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM  
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ 1,948,927	\$ 44,323,922	4.40%
2	Present Rates March 31, 2022	\$ 1,655,175	\$ 45,643,618	3.63%
3	Present Rates March 31, 2023	\$ 1,476,344	\$ 47,259,177	3.12%
4	Proposed Rates March 31, 2023	\$ 3,610,563	\$ 47,259,177	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM  
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED 3/31/21		PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	AMOUNT	%	\$	AMOUNT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	
1	Residential	\$ 4,438,844	\$ (23,055)	\$ 4,415,789	\$ -	\$ 4,415,789	\$ -	\$ 4,415,789	42.2%	\$ 1,864,991	\$	6,280,781	
2	Commercial	2,779,406	(7,450)	2,771,955	-	2,771,955	-	2,771,955	42.2%	1,170,736		3,942,691	
3	Industrial	2,749	38	2,787	-	2,787	-	2,787	42.2%	1,177		3,965	
4	Public	47,531	299	47,831	-	47,831	-	47,831	42.7%	20,430		68,260	
5	Other	-	-	-	-	-	-	-	0.0%	-		-	
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-		-	
7	Total Sales to General Customers	7,268,531	(30,168)	7,238,362	-	7,238,362	-	7,238,362	42.2%	3,057,334		10,295,696	
8	Forfeited Discounts	20,377	-	20,377	-	20,377	-	20,377	0.0%	-		20,377	
9	Other WW Revenues	-	-	-	-	-	-	-	0.0%	-		-	
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-		-	
11	Total Other WW Revenues	20,377	-	20,377	-	20,377	-	20,377	0.0%	-		20,377	
12	Total Operating Revenue	\$ 7,288,908	\$ (30,168)	\$ 7,258,740	\$ -	\$ 7,258,740	\$ -	\$ 7,258,740	42.1%	\$ 3,057,334	\$	10,316,074	

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 7,288,908				
2	Present Rates at 3/31/21					\$ 7,258,740		
3	Present Rates at 3/31/22							\$ 7,258,740
4	Unbilled Revenue Adjustment	Schedule B-3	(30,175)		-		-	
5	DSIC Adjustment	Schedule B-4	7		-		-	
6	Pro Forma Adjustment			<u>(30,168)</u>		<u>-</u>		<u>-</u>
7	Pro Forma Present Rates at March 31, 2021			<u>\$ 7,258,740</u>				
8	Pro Forma Present Rates at March 31, 2022					<u>\$ 7,258,740</u>		
9	Pro Forma Present Rates at March 31, 2023							<u>\$ 7,258,740</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 23,059
2	Commercial	7,453
3	Industrial	(38)
4	Public	(299)
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>30,175</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 30,175</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ADJUSTMENT

This revenue adjustment is being made to reset any DSIC revenues or credits to zero.

LINE NO.	DESCRIPTION	PER BOOKS	ANNUALIZED	PRESENT RATES
		3/31/2021 DSIC REVENUE	3/31/2021 DSIC REVENUE	3/31/2021 ADJUSTMENT
1	Residential	\$ (4)	\$ -	\$ 4
2	Commercial	(3)	-	3
3	Industrial	(0)	-	0
4	Public	(0)	-	0
5	Other	-	-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	(7)	-	7
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ (7)	\$ -	\$ 7

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7411	Leases	36,751	36,751	36,751	36,751
4						
5		Total Collection Expense	<u>\$ 36,751</u>	<u>\$ 36,751</u>	<u>\$ 36,751</u>	<u>\$ 36,751</u>
6						
7		--Treatment & Disposal--				
8		-Operations-				
9	7105	Purchased Wastewater	2,436,358	2,693,386	2,975,712	3,176,062
10	7205	Supplies	2,939	2,939	2,991	3,041
11		-Maintenance-				
12	7206	Supplies	5,090	5,090	5,180	5,268
13	7366	OS Other	2,971	2,971	3,023	3,075
14						
15		Total Treatment & Disposal Expense	<u>\$ 2,447,359</u>	<u>\$ 2,704,387</u>	<u>\$ 2,986,906</u>	<u>\$ 3,187,446</u>
16						
17		--Customer Accounting--				
18	7367	OS Other	157,656	163,771	177,600	181,966
19	7707	Bad Debt	9,886	86,420	86,420	86,420
20						
21		Total Customer Accounting Expense	<u>\$ 167,542</u>	<u>\$ 250,191</u>	<u>\$ 264,020</u>	<u>\$ 268,385</u>
22						

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
23		--Administrative and General--				
24	7018	Labor	324,493	324,493	356,586	367,197
25	7048	Employee Benefits	173,444	189,397	203,495	209,194
26	7328	OS Accounting	16,203	16,203	16,487	16,767
27	7349	Management Fees	384,814	406,313	417,674	429,319
28	7368	OS Other	672	672	684	695
29	7508	Transportation	27	27	28	28
30	7578	Insurance	12,246	12,246	26,697	28,366
31	7588	Insurance	1,563	1,563	2,484	2,626
32	7598	Insurance	7,137	7,137	9,019	9,490
33	7758	Other	4,184	4,184	4,257	4,330
34	7668	Amortization of Rate Case	-	-	-	15,330
35						
36		Total Admin & General Expense	\$ 924,783	\$ 962,236	\$ 1,037,410	\$ 1,083,342
37						
38		Total Operating Expenses	\$ 3,576,436	\$ 3,953,565	\$ 4,325,086	\$ 4,575,924

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 324,493	\$ -	\$ 324,493	\$ 32,094	\$ 356,586	\$ 10,611	\$ 367,197
2 Employee Benefits	173,444	15,953	189,397	14,097	203,495	5,699	209,194
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	2,436,358	257,028	2,693,386	282,326	2,975,712	200,350	3,176,062
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	-	-	-	-	-	-	-
7 Chemicals	-	-	-	-	-	-	-
8 Supplies	8,030	-	8,030	141	8,170	139	8,309
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	16,203	-	16,203	284	16,487	280	16,767
11 OS Legal	-	-	-	-	-	-	-
12 OS Lab Testing	-	-	-	-	-	-	-
13 OS Other	161,299	6,115	167,414	13,893	181,307	4,429	185,736
14 Management Fees	384,814	21,499	406,313	11,360	417,674	11,645	429,319
15 Leases	36,751	-	36,751	-	36,751	-	36,751
16 Transportation	27	-	27	0	28	0	28
17 Insurance	20,946	-	20,946	17,254	38,200	2,282	40,482
18 Other	4,184	-	4,184	73	4,257	72	4,330
19 Bad Debt	9,886	76,533	86,420	-	86,420	-	86,420
20 Amortization of Rate Case	-	-	-	-	-	15,330	15,330
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 3,576,436		\$ 3,953,565		\$ 4,325,086		\$ 4,575,924
25 Pro Forma Adjustments		\$ 377,129		\$ 371,521		\$ 250,838	
26 Uncollectibles @ Proposed Rates							\$ 36,502
27 Proposed Rates @ 3/31/23							<u>\$ 4,612,426</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 3,576,436		\$ 3,953,565		
2	Present Rates at 3/31/21							
3	Present Rates at 3/31/22							\$ 4,325,086
4	General Price Level Adjustment	Schedule C-4.1	-		4,385		4,334	
5	Uncollectible Accounts	Schedule C-4.2	76,533		-		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		15,330	
8	Payroll	Schedule C-4.5	-		32,123		10,639	
9	Insurance Expense	Schedule C-4.6	(6,284)		12,078		1,598	
10	Management Service & Sundry	Schedule C-4.7	21,499		8,864		9,178	
11	Customer Service & Sundry	Schedule C-4.8	6,115		12,473		3,026	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	-		-		-	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	-		-		-	
16	Chemicals	Schedule C-6.2	-		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	257,028		282,326		200,350	
18	Employee Benefits	Schedule C-8.1	22,237		19,274		6,384	
19	Pro Forma Adjustments			<u>\$ 377,129</u>		<u>\$ 371,521</u>		<u>\$ 250,838</u>
20	Pro Forma Present Rates at March 31, 2021			<u>\$ 3,953,565</u>				
21	Pro Forma Present Rates at March 31, 2022					<u>\$ 4,325,086</u>		
22	Pro Forma Present Rates at March 31, 2023							<u>\$ 4,575,924</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 3,953,565	
3	Present Rates 3/31/2022		\$ 4,325,086
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	326,135	358,258
6	Employee Benefits	189,397	203,495
7	Purchased Wastewater	2,693,386	2,975,712
8	Sludge	-	-
9	Purchased Power	-	-
10	Chemicals	-	-
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	86,301	98,774
17	Management Fees	263,667	272,531
18	Leases	36,751	36,751
19	Transportation	-	-
20	Insurance	20,946	38,200
21	Other	-	-
22	Bad Debt	86,420	86,420
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 3,703,004	\$ 4,070,140
28	Total Operating Expenses Subject to Effects of Inflation	\$ 250,561	\$ 254,946
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 4,385	\$ 4,334

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	Second Quarter	2021	1.900% (a)
2	Third Quarter	2021	1.700% (a)
3	Fourth Quarter	2021	1.700% (a)
4	First Quarter	2022	1.700% (b)
5	Annual Average for the Period Ending 3/31/2022		1.750%
6	Second Quarter	2022	1.700% (b)
7	Third Quarter	2022	1.700% (b)
8	Fourth Quarter	2022	1.700% (b)
9	First Quarter	2023	1.700% (c)
10	Annual Average for the Period Ending 3/31/2023		1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 7,268,531	\$ 7,238,362	\$ 7,238,362	\$ 7,238,362
2	Annualized Uncollectible Account based on Experience Factor @ 1.19391%		86,420	86,420	86,420 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		9,886		
5	Less: Present Rates 3/31/2021			86,420	
6	Less: Present Rates 3/31/2022				86,420
7	Increase/(Decrease)		<u>\$ 76,533</u>	<u>\$ -</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 76,533	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	2.09%	\$ 45,989	\$ 15,330	
12	Normalization Period		36 Months		
13		PRESENT RATES	PRESENT RATES		
14		3/31/2022	3/31/2023		
15		AMOUNT	AMOUNT		
16	Annual Expense on a 36 Month Normalized Basis	\$	-	\$ 15,330	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		-		
19	Less: Present Rates 3/31/2022			-	
20	Increase/(Decrease)	\$	-	\$ 15,330	
21	Pro Forma Adjustment:				
22	7668			\$ 15,330	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 275,629	\$ 305,342	\$ 314,524	
3	Capital Payroll	-	-	-	
4	Non-Operating Payroll	1,450	1,606	1,655	
5	Expense Payroll	274,179	303,735	312,870	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 29,557	\$ 9,134	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ 52,122	\$ 54,696	\$ 56,205	
9	Capital Payroll	165	173	178	
10	Non-Operating Payroll	-	-	-	
11	Expense Payroll	51,957	54,523	56,028	‡
12	Union Expense Payroll Increase/(Decrease)		\$ 2,566	\$ 1,505	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 32,123</u>	<u>\$ 10,639</u>	
14	Pro Forma Adjustment:				
15	7013		\$ -	\$ -	
16	7014		\$ -	\$ -	
17	7015		\$ -	\$ -	
18	7017		\$ -	\$ -	
19	7018		\$ 32,123	\$ 10,639	
20	75052		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 12,246	\$ 26,697	\$ 28,292	
2	Workers Compensation	1,563	2,484	2,633	
3	Other (Exec Risk, Property, Surety Bond)	7,137	9,019	9,558	
4		<u>20,946</u>	<u>38,200</u>	<u>40,482</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (6,284)	(11,460)	(12,145)	‡
6	Subtotal Insurance	<u>\$ 14,662</u>	<u>\$ 26,740</u>	<u>\$ 28,337</u>	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	20,946			
9	Less: Present Rates 3/31/2021		14,662		
10	Less: Present Rates 3/31/2022			26,740	
11	Increase/(Decrease)	<u>\$ (6,284)</u>	<u>\$ 12,078</u>	<u>\$ 1,598</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 14,451	\$ 1,595	
14	7588	\$ -	\$ 922	\$ 148	
15	7598	\$ -	\$ 1,881	\$ 539	
16	7048	\$ (6,284)	\$ (5,176)	\$ (685)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 263,667	\$ 263,667	\$ 272,531	‡
2	Payroll Increase		6,479	6,674	‡
3	Employee Benefit Insurance Increase		2,385	2,504	‡
4	Management Fees All Other	142,647	142,647	142,647	
5	Total Expense Claim	\$ 406,313	\$ 415,177	\$ 424,355	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	384,814			
8	Less: Present Rates 3/31/2021		406,313		
9	Less: Present Rates 3/31/2022			415,177	
10	Increase/(Decrease)	\$ 21,499	\$ 8,864	\$ 9,178	
11	Pro Forma Adjustment:				
12	7349	\$ 21,499	\$ 8,864	\$ 9,178	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 86,301	\$ 86,301	\$ 98,774	‡
2	Payroll Increase		8,673	2,221	‡
3	Employee Benefit Increase		3,800	805	‡
4	Customer Operations All Other	29,579	29,579	29,579	
5	Total Expense Claim	\$ 115,881	\$ 128,354	\$ 131,380	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	109,765			
8	Less: Present Rates 3/31/2021		115,881		
9	Less: Present Rates 3/31/2022			128,354	
10	Increase/(Decrease)	\$ 6,115	\$ 12,473	\$ 3,026	
11	Pro Forma Adjustment:				
12	7367	\$ 6,115	\$ 12,473	\$ 3,026	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	<b>Deductions:</b>			
3	Increase/(Decrease)	\$ -	\$ -	\$ -
4	Pro Forma Adjustment:			
5	7758	\$ -		



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		PRESENT RATES		PRESENT RATES		
		3/31/2021 AMOUNT		3/31/2022 AMOUNT		3/31/2023 AMOUNT		
1	Leases	\$	36,751	\$	36,751	\$	36,751	\$
2	Total Specific Expenses Not Subject to Inflation	\$	36,751	\$	36,751	\$	36,751	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

The Company is not making a claim for power expenses for Cheltenham in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Purchased Power Expense - Electric	\$ -	\$ -	\$ -
2	Claimed Purchased Power Expense - Gas	-	-	-
3		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Less: Amount Charged to Operating Expense			
5	During the Twelve Months Ended 3/31/2021	-		
6	Less: Present Rates 3/31/2021		-	
7	Less: Present Rates 3/31/2022			-
8	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	Pro Forma Adjustment:			

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The Company is not making a claim for chemical expenses for Cheltenham in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Chemical Expense Claim	\$ -	\$ -	\$ -
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	0	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment includes two forecasted rate increases: An increase of 11% at Sep 1, 2021 and a subsequent increase of 5.3% at Sep 1, 2022. The service provider is Philadelphia Water Department (PWD).

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Purchased Wastewater Expense	\$ 2,693,386	\$ 2,975,712	\$ 3,176,062 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	2,436,358		
4	Less: Present Rates 3/31/2021		2,693,386	
5	Less: Present Rates 3/31/2022			\$ 2,975,712
6	Increase/(Decrease)	<u>\$ 257,028</u>	<u>\$ 282,326</u>	<u>\$ 200,350</u>
7	Pro Forma Adjustment:			
8	7105	\$ 257,028	\$ 282,326	\$ 200,350

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Wastewater Intracompany Benefits	\$ 195,681	\$ 214,955	\$ 221,338	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	173,444			
4	Less: Present Rates 3/31/2021		195,681		
5	Less: Present Rates 3/31/2022			214,955	
6	Increase/(Decrease)	<u>\$ 22,237</u>	<u>\$ 19,274</u>	<u>\$ 6,384</u>	
7	Pro Forma Adjustment:				
8	7048	\$ 22,237	\$ 19,274	\$ 6,384	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 958,047	\$ 983,096	\$ 1,011,770
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	1,069,247		
4	Less: Present Rates 3/31/2021		958,047	
5	Less: Present Rates 3/31/2022			983,096
6	Increase/(Decrease)	<u>\$ (111,200)</u>	<u>\$ 25,049</u>	<u>\$ 28,674</u>
7	Pro Forma Adjustment:			
8		\$ (111,200)	\$ 25,049	\$ 28,674

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ -						
2	Present Rates at 3/31/21				\$ 46,180				
3	Present Rates at 3/31/22						\$ 46,180		
4	Present Rates at 3/31/23								\$ 46,180
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	32,837		-		-		13,831	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	13,343		-		-		5,620	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9	Pro Forma Adjustment		<u>\$ 46,180</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 19,451</u>
10	Pro Forma Present Rates at March 31, 2021		<u>\$ 46,180</u>						
11	Pro Forma Present Rates at March 31, 2022				<u>\$ 46,180</u>				
12	Pro Forma Present Rates at March 31, 2023						<u>\$ 46,180</u>		
13	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 65,630</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 7,258,740	\$ 7,258,740	\$ 7,258,740	\$ 10,316,074
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	32,837	32,837	32,837	46,667
4	Total General Assessment Fees	\$ 32,837	\$ 32,837	\$ 32,837	\$ 46,667
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	-			
7	Less: Present Rates 3/31/2021		32,837		
8	Less: Present Rates 3/31/2022			32,837	
9	Less: Present Rates 3/31/2023				32,837
10	Increase/(Decrease)	<u>\$ 32,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,831</u>
11	Pro Forma Adjustment:				
12	4081	\$ 32,837	\$ -	\$ -	\$ 13,831

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION		PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues		\$ 7,258,740	\$ 7,258,740	\$ 7,258,740	\$ 10,316,074
2	Estimated General Assessment Fee:					
3	Consumer Advocate Fee At	0.001625725256	11,801	11,801	11,801	16,771
4	Small Business Advocate Fee At	0.000184760982	1,341	1,341	1,341	1,906
5	Damage Prevention Fee At	0.000027700326	201	201	201	286
6	Total General Assessment Fees		\$ 13,343	\$ 13,343	\$ 13,343	\$ 18,963
7	Less: Amount Charged to Taxes Other Than Income					
8	During the Twelve Months Ended 3/31/2021		-			
9	Less: Present Rates 3/31/2021			13,343		
10	Less: Present Rates 3/31/2022				13,343	
11	Less: Present Rates 3/31/2023					13,343
12	Increase/(Decrease)		<u>\$ 13,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,620</u>
13	Pro Forma Adjustment:					
14	4081		\$ 13,343	\$ -	\$ -	\$ 5,620

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM  
INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1		PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23		
2 Capital Structure		\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate
3 Long-term Debt		\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%
4 Common Equity		\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%
5		\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%
6		PRESENT RATES			PRESENT RATES			PRESENT RATES		
7 Calculation of Interest:		3/31/21			3/31/22			3/31/23		
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$	44,323,922		Schedule G-1 Col 4, Row 15	\$	45,643,618	Schedule G-1 Col 5, Row 15	\$	47,259,177
9 Applicable Percentage			48.25%				44.47%			46.08%
10 Applicable Portion of Rate Base		\$	21,387,555			\$	20,295,893		\$	21,774,789
11 Cost Rate			4.04%				4.01%			4.00%
12 Pro-Forma Long-term Interest Expense		\$	864,057			\$	813,865		\$	870,992
13 Less: Interest on Long Term Debt Per Books 3/31/21			-							
14 Less: Interest on Long Term Debt Present Rates at 3/31/21							864,057			
15 Less: Interest on Long Term Debt Present Rates at 3/31/22										813,865
16 Long Term Debt Pro Forma Adjustment		\$	864,057			\$	(50,192)		\$	57,126

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (20,083)	\$ -	\$ -
2	Eliminate Interest During Construction	20,083	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 20,083	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ 120,410	\$ 48,369	\$ (23,451)	\$ 543,873
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 3/31/21			120,410		
4	Less: Present Rates at 3/31/22				48,369	
5	Less: Present Rates at 3/31/23					(23,451)
6	Pro Forma Adjustment		<u>\$ 120,410</u>	<u>\$ (72,041)</u>	<u>\$ (71,821)</u>	<u>\$ 567,324</u>
7	State Income Tax - Current	Schedule F-2	\$ 63,638	\$ 25,564	\$ (12,394)	\$ 287,444
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 3/31/21			63,638		
10	Less: Present Rates at 3/31/22				25,564	
11	Less: Present Rates at 3/31/23					(12,394)
12	Pro Forma Adjustment		<u>\$ 63,638</u>	<u>\$ (38,075)</u>	<u>\$ (37,958)</u>	<u>\$ 299,838</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 167,973	\$ 175,270	\$ 184,368	\$ 184,368
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 3/31/21			167,973		
16	Less: Present Rates at 3/31/22				175,270	
17	Less: Present Rates at 3/31/23					184,368
18	Pro Forma Adjustment		<u>\$ 167,973</u>	<u>\$ 7,297</u>	<u>\$ 9,098</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 3/31/21			-		
22	Less: Present Rates at 3/31/22				-	
23	Less: Present Rates at 3/31/23					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

COMPUTATION OF FEDERAL AND STATE INCOME TAXES

UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ 2,300,948	\$ 2,300,948	\$ 1,904,378	\$ 1,904,378	\$ 1,624,866	\$ 1,624,866	\$ 4,626,247	\$ 4,626,247
2 Interest Expense	Schedule A-1	(864,057)	(864,057)	(813,865)	(813,865)	(870,992)	(870,992)	(870,992)	(870,992)
3 State Income Tax	[11]	(63,638)		(25,564)		12,394		(287,444)	
4 Tax Repair Deduction		-	-	-	-	-	-	-	-
5 Book Depreciation	Schedule A-1	958,047	958,047	983,096	983,096	1,011,770	1,011,770	1,011,770	1,011,770
6 Tax Depreciation		(1,757,917)	(1,757,917)	(1,817,715)	(1,817,715)	(1,889,712)	(1,889,712)	(1,889,712)	(1,889,712)
7 Taxable Income	Sum of Lines [1] : [6]	\$ 573,383	\$ 637,021	\$ 230,329	\$ 255,893	\$ (111,674)	\$ (124,068)	\$ 2,589,870	\$ 2,877,313
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	120,410	63,638	48,369	25,564	(23,451)	(12,394)	543,873	287,444
10 Other									
11 Total - Current Income Tax	[9] + [10]	\$ 120,410	\$ 63,638	\$ 48,369	\$ 25,564	\$ (23,451)	\$ (12,394)	\$ 543,873	\$ 287,444
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	-	-	-	-	-	-	-	-
16 Normalized Book Depreciation		(958,047)		(983,096)		(1,011,770)		(1,011,770)	
17 Normalized Tax Depreciation		1,757,917		1,817,715		1,889,712		1,889,712	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	167,973	-	175,270	-	184,368	-	184,368	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		-		-		-		-	
22 Flowback of TCJA 2017 - 10 Years		-		-		-		-	
23 Total Flow Through		-	-	-	-	-	-	-	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	\$ 167,973	\$ -	\$ 175,270	\$ -	\$ 184,368	\$ -	\$ 184,368	\$ -
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	\$ 288,383	\$ 63,638	\$ 223,639	\$ 25,564	\$ 160,916	\$ (12,394)	\$ 728,241	\$ 287,444

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 58,050,828	\$ 60,440,338	\$ 63,415,602
2 Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3		58,050,828	60,440,338	63,415,602
4 Less: Accumulated Depreciation	Schedule G-2	(14,102,911)	(14,896,079)	(15,667,733)
5 Net Plant in Service		<u>43,947,917</u>	<u>45,544,260</u>	<u>47,747,869</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	376,000	376,000	376,000
9		<u>376,000</u>	<u>376,000</u>	<u>376,000</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	-	(101,377)	(505,060)
12 Deferred Income Taxes	Schedule G-7	5	(175,265)	(359,633)
13 Investment Tax Credit		-	-	-
14		<u>5</u>	<u>(276,642)</u>	<u>(864,692)</u>
15 Total Rate Base		<u>\$ 44,323,922</u>	<u>\$ 45,643,618</u>	<u>\$ 47,259,177</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 58,050,828	\$ 58,050,828	\$ 60,440,338
2	Plus: Additions		2,573,994	3,210,944
3	Less: Retirements		(184,483)	(235,681)
4	Utility Plant in Service	<u>\$ 58,050,828</u>	<u>\$ 60,440,338</u>	<u>\$ 63,415,602</u>
5	Accumulated Depreciation	<u>(14,102,911)</u>	<u>(14,896,079)</u>	<u>(15,667,733)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL	DATE	AMORTIZATION	PRESENT RATES		FTY	PRESENT RATES		FPFTY	PRESENT RATES	
			ACQUISITION ADJUSTMENT		PERIOD	3/31/2021			3/31/2022			3/31/2023	
				CLOSED	20 YEARS	BALANCE		AMORTIZATIONS	BALANCE		AMORTIZATIONS	BALANCE	

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<hr/> \$ -
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<hr/>
17	At 3/31/2022 and 3/31/2023		<hr/> <hr/> \$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 427,000	\$ 427,000	\$ 427,000
2	Cash Working Capital - Taxes	Schedule G-5.3	30,000	30,000	30,000
3	Cash Working Capital - Interest	Schedule G-5.4	(81,000)	(81,000)	(81,000)
4	Total Cash Working Capital Requirement		\$ 376,000	\$ 376,000	\$ 376,000

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ 540,846
2	April	2020	640,994
3	May	2020	614,847
4	June	2020	612,365
5	July	2020	177,383
6	August	2020	1,015,636
7	September	2020	633,352
8	October	2020	893,601
9	November	2020	1,114,595
10	December	2020	1,113,090
11	January	2021	1,047,406
12	February	2021	1,184,486
13	March	2021	784,337
14	Total		<u>\$ 10,372,936</u>
15	Average Accounts Receivable Balance		\$ 797,918
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 7,288,908</u>
16	Average Daily Billing		\$ 19,970
18	Lag in Receipt of Payment		40.0
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>57.2</u></u>

Reference:

(a) One-half of monthly billing period.



AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ 56,028	7.5	(a)	\$ 420,206
2	Non-Union Labor	312,870	11.0	(b)	3,441,567
3	Management Fee	429,319	16.0	(d)	6,869,098
4	Electric Power	0	20.7	(c)	0
5					
6	Employee Group Insurance	221,338	16.0	(d)	3,541,413
7	Liability Insurance	40,482	(1.4)	(c)	(55,453)
8	SFI Postage	30,721	(8.0)	(c)	(244,571)
9	Pension	0	300.6	(c)	0
10	SFAS106	0	365.7	(e)	0
11	All Other Expenses (g)	3,383,418	25.5	(f)	86,277,154
12	Total	<u>\$ 4,474,175</u>			<u>\$ 100,249,414</u>
13	Average Lag Days in Payment of Expenses		<u>22.4</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>57.2</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>34.8</u>	[14] - [13]	
17	<div>WORKING CAPITAL REQUIREMENT</div>				
18	Pro-forma Annual Expense Per Day		\$ 12,258	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ 426,579	[16] * [18]	
20	USE		<u>\$ 427,000</u>	* Rounded to nearest thousandth	

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 32,837	(197.5)	(a)	\$ (6,485,257)
2	OCA & SBA - General Assessments	13,343	(197.5)	(a)	(2,635,226)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(167.0)	(a)	-
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(12,394)	45.2	(a)	(560,227)
10	Federal Income Tax	(23,451)	33.4	(a)	(783,280)
11	Total	<u>\$ 10,334</u>			<u>\$ (10,463,990)</u>
12	Average Lag Days in Payment of Taxes		<u>(1012.6)</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>57.2</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>1069.8</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ 28	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 30,288	[15] * [17]	
19	USE		<u>\$ 30,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM (1)	AMOUNT (2)	LAG DAYS (3)	Ref. # (4)	DOLLAR DAYS (5)
1	Long Term Debt- Interest	\$ 870,992	91.3	(a)	\$ 79,477,980
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 870,992</u>			<u>\$ 79,477,980</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>57.2</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(34.1)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 2,386		
10	Cash Working Capital Required		\$ (81,372)		
11	USE		<u>\$ (81,000)</u>	* Rounded to nearest thousandth	

Reference:  
(a) Paid Semi-Annually  
(b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ -	\$ -	\$ 101,377
2	Plus: Contributions		102,280	409,190
3	Less: Amortization		(903)	(5,508)
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ -</u>	<u>\$ (101,377)</u>	<u>\$ (505,060)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - CHELTENHAM

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes		\$ (5)	\$ (5)	175,265
2	Change in Deferred Tax	Schedule F-2		175,270	184,368
3	Deferred Income Taxes		<u>\$ 5</u>	<u>\$ (175,265)</u>	<u>\$ (359,633)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITONTABLE OF CONTENTS TO EXHIBIT 1-F WASTEWATER EAST NORRITON

	Schedule	Witness
<b>A Summary</b>		
Pro Forma Statement Of Income For The Twelve Months Ending March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	A-1	William C. Packer
Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates March 31, 2023	A-3	William C. Packer
Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended March 31, 2021 And Anticipated Under Present And Proposed Rates For The Test Years Ended March 31, 2022 And March 31, 2023	A-4	William C. Packer
Calculation Of Gross Revenue Conversion Factor	A-5	William C. Packer
<b>B Operating Revenues</b>		
Statement Of Operating Revenue For The Twelve Months Ending March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	B-1	Erin M. Feeney & Constance Heppenstall
Summary Of Adjustments To Operating Revenues	B-2	Erin M. Feeney
Operating Revenues - Unbilled Revenue Adjustment	B-3	Erin M. Feeney
Operating Revenues - DSIC Adjustment	B-4	Erin M. Feeney
Operating Revenues - Annualization Of Acquisition	B-5	Erin M. Feeney
<b>C Operating Expenses</b>		
Notes To Statement Of Income Operating Expenses Expense Detail Accounts	C-1	William C. Packer
Operating Expenses Summary Of Expense Accounts	C-2	William C. Packer
Summary Of Adjustments To Operating Expenses	C-3	William C. Packer
Operating Expenses - General Price Level Adjustment	C-4.1	Christopher E. Manning
Operating Expenses - Inflation Factor Calculation	C-4.1.i	Christopher E. Manning
Operating Expenses - Uncollectible Accounts	C-4.2	Erin M. Feeney
Operating Expenses - Page Held For Future Use	C-4.3	N/A
Operating Expenses - Rate Case Expense	C-4.4	Christopher E. Manning
Operating Expenses - Payroll	C-4.5	Erin M. Feeney
Operating Expenses - Insurance Expense	C-4.6	Christopher M. Henkel
Operating Expenses - Management Service & Sundry	C-4.7	William C. Packer
Operating Expenses - Customer Service & Sundry	C-4.8	William C. Packer
Operating Expenses - Miscellaneous Expense Adjustments	C-4.9	Christopher E. Manning
Operating Expenses - Specific Expenses Not Subject To Inflation	C-4.10	Christopher E. Manning
Operating Expenses - Page Held For Future Use	C-5.1	N/A
Operating Expenses - Purchased Power Expense	C-6.1	Christopher M. Henkel
Operating Expenses - Purchased Power - Electric	C-6.1.i	Christopher M. Henkel
Operating Expenses - Chemicals	C-6.2	Christopher M. Henkel
Operating Expenses - Purchased Wastewater Treatment Expense	C-7.1	Christopher M. Henkel

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITONTABLE OF CONTENTS TO EXHIBIT 1-F WASTEWATER EAST NORRITON

	Schedule	Witness
Operating Expenses - Employee Benefits	C-8.1	William C. Packer
<b>D Other Expenses</b>		
Statement Of Depreciation	D-1	Erin M. Feeney & John J. Spanos
Summary Of Adjustments To Taxes Other Than Income	D-2	Erin M. Feeney
Taxes Other Than Income - General Assessment Fees By The Pennsylvania Public Utility Commission	D-2.1	Erin M. Feeney
Taxes Other Than Income - General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	D-2.2	Erin M. Feeney
Taxes Other Than Income - Public Utility Realty Tax	D-2.3	Erin M. Feeney
Taxes Other Than Income - Pennsylvania Property Tax	D-2.4	Erin M. Feeney
<b>E Interest Expense</b>		
Interest On Long-Term Debt	E-1	William C. Packer
Amortization Of Debt Issuance & Premium/Discount On Debt	E-2	William C. Packer
Other Interest Charges	E-3	William C. Packer
Interest During Construction	E-4	William C. Packer
<b>F Income Taxes</b>		
Summary Of Adjustments To Income Taxes	F-1	Christine Saball
Computation Of Federal And State Income Taxes Under Present And Proposed Rates	F-2	Christine Saball
<b>G Rate Base</b>		
Rate Base As Of March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	G-1	William C. Packer
Rate Base - Utility Plant In Service & Accumulated Depreciation	G-2	Erin M. Feeney & John J. Spanos
Rate Base - Utility Plant Acquisition Adjustments	G-3	Erin M. Feeney
Rate Base - Materials And Supplies	G-4	William C. Packer
Rate Base - Cash Working Capital Summary	G-5	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Receipt Of Revenue	G-5.1	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Taxes	G-5.3	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Interest	G-5.4	William C. Packer
Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Erin M. Feeney & John J. Spanos
Rate Base - Deferred Income Taxes	G-7	Christine Saball

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON  
PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.		PRESENT RATES				PRESENT RATES				PRESENT RATES				PROPOSED RATES	
		PER BOOKS	ADJUSTMENT	3/31/21 AMOUNT	ADJUSTMENT	3/31/22 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	3/31/23 AMOUNT	ADJUSTMENT	RATES AMOUNT	RATES AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	Operating Revenues	\$ 2,271,891	\$ (264,493)	\$ 2,007,399	\$ 916,371	\$ 2,923,770	\$ -	\$ 2,923,770	\$ 2,907,165	\$ 5,830,935					
2	Operating Expenses	1,704,671	561,667	2,266,338	(40,994)	2,225,344	57,780	2,283,124	34,709	2,317,833					
3	Depreciation	786,699	96,898	883,597	2,148	885,745	66,896	952,641		952,641					
4	Taxes, other than income :														
5	PUC assessment	-	9,081	9,081	4,145	13,226	-	13,226	13,151	26,378					
6	OCA & SBA assessments	-	3,690	3,690	1,684	5,374	-	5,374	5,344	10,718					
7	Public Utility Realty tax	-	-	-	-	-	-	-	-	-					
8	State Capital Stock tax	-	-	-	-	-	-	-	-	-					
9	Local property taxes & misc.	-	-	-	-	-	-	-	-	-					
10	Federal & State payroll tax	-	-	-	-	-	-	-	-	-					
11	Total Taxes, other than income	-	12,771	12,771	5,830	18,601	-	18,601	18,495	37,096					
12	Utility Operating Income Before Tax	(219,479)	(935,828)	(1,155,307)	949,387	(205,920)	(124,676)	(330,596)	2,853,961	2,523,365					
13	Income Taxes:														
14	Federal Tax-Current	-	(280,085)	(280,085)	186,650	(93,435)	(67,867)	(161,302)	539,459	378,157					
15	Pa. CNI Tax-Current	-	(148,029)	(148,029)	98,647	(49,382)	(35,869)	(85,250)	285,111	199,861					
16	Federal Tax-Deferred	-	(14,927)	(14,927)	(783)	(15,710)	27,539	11,829	-	11,829					
17	Pa. CNI Tax-Deferred	-	-	-	-	-	-	-	-	-					
18	ITC-Current	-	-	-	-	-	-	-	-	-					
19	ITC-Amortized	-	-	-	-	-	-	-	-	-					
20	Total Income Taxes	-	(443,041)	(443,041)	284,514	(158,527)	(76,197)	(234,723)	824,569	589,846					
21	Total Operating Revenue Deductions	2,491,370	228,295	2,719,665	251,498	2,971,164	48,479	3,019,643	877,773	3,897,416					
22	Utility Operating Income	(219,479)	(492,788)	(712,266)	664,873	(47,394)	(48,479)	(95,873)	2,029,392	1,933,519					
23	Income Deductions:														
24	Interest on Long-Term debt	-	397,542	397,542	(34,343)	363,199	103,232	466,431		466,431					
25	Amort. Of debt discount & expense	-	-	-	-	-	-	-	-	-					
26	Other interest charges	-	-	-	-	-	-	-	-	-					
27	Interest during Construction	(1,601)	1,601	-	-	-	-	-	-	-					
28	Total Income Deductions	(1,601)	399,143	397,542	(34,343)	363,199	103,232	466,431	-	466,431					
29	Net Income	\$ (217,878)	\$ (891,930)	\$ (1,109,808)	\$ 699,215	\$ (410,593)	\$ (151,711)	\$ (562,304)	\$ 2,029,392	\$ 1,467,088					
30	Preferred Dividend														
31	Net Income-Common	\$ (217,878)	\$ (891,930)	\$ (1,109,808)	\$ 699,215	\$ (410,593)	\$ (151,711)	\$ (562,304)	\$ 2,029,392	\$ 1,467,088					



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (1)	SERVED AT 3/31/2021 (2)	TO BE SERVED AT 3/31/2022 (3)	TO BE SERVED AT 3/31/2023 (4)	INCREASED BILLS (5)	DECREASED BILLS (6)	UNCHANGED BILLS (7)
1	Residential	-	4,609	4,609	4,609	4,609	-	-
2	Commercial	-	359	359	359	359	-	-
3	Industrial	-	-	-	-	-	-	-
4	Public	-	-	-	-	-	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	-	4,968	4,968	4,968	4,968	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	25,308,104
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	1,933,519
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	(95,873)
5	Operating Income Deficit		= \$	2,029,392
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	2,907,165

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ (712,266)	\$ 20,392,874	-3.49%
2	Present Rates March 31, 2022	\$ (47,394)	\$ 20,369,115	-0.23%
3	Present Rates March 31, 2023	\$ (95,873)	\$ 25,308,104	-0.38%
4	Proposed Rates March 31, 2023	\$ 1,933,519	\$ 25,308,104	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON  
STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED		PRESENT RATES		PRESENT RATES		PRESENT RATES		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	3/31/21	ADJUSTMENT	3/31/22	ADJUSTMENT	3/31/23	ADJUSTMENT	%	\$	AMOUNT	AMOUNT
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	Residential	\$ 1,640,924	\$ (177,225)	\$ 1,463,699	\$ 636,176	\$ 2,099,875	\$ -	\$ 2,099,875	114.1%	\$ 2,396,906	\$ 4,496,782		
2	Commercial	623,533	(87,268)	536,265	280,195	816,460	-	816,460	62.5%	510,259	1,326,719		
3	Industrial	-	-	-	-	-	-	-	0.0%	-	-		
4	Public	-	-	-	-	-	-	-	0.0%	-	-		
5	Other	-	-	-	-	-	-	-	0.0%	-	-		
6	Availability Charge	-	-	-	-	-	-	-	0.0%	-	-		
7	Total Sales to General Customers	2,264,457	(264,493)	1,999,964	916,371	2,916,335	-	2,916,335	99.7%	2,907,165	5,823,501		
8	Forfeited Discounts	7,355	-	7,355	-	7,355	-	7,355	0.0%	-	7,355		
9	Other WW Revenues	80	-	80	-	80	-	80	0.0%	-	80		
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%	-	-		
11	Total Other WW Revenues	7,435	-	7,435	-	7,435	-	7,435	0.0%	-	7,435		
12	Total Operating Revenue	\$ 2,271,891	\$ (264,493)	\$ 2,007,399	\$ 916,371	\$ 2,923,770	\$ -	\$ 2,923,770	99.4%	\$ 2,907,165	\$ 5,830,935		

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 2,271,891				
2	Present Rates at 3/31/21					\$ 2,007,399		
3	Present Rates at 3/31/22							\$ 2,923,770
4	Unbilled Revenue Adjustment	Schedule B-3	(264,496)		-		-	
5	DSIC Adjustment	Schedule B-4	3		-		-	
6	Annualization Of Acquisition	Schedule B-5	-		916,371		-	
7	Pro Forma Adjustment			<u>(264,493)</u>		<u>916,371</u>		<u>-</u>
8	Pro Forma Present Rates at March 31, 2021			<u>\$ 2,007,399</u>				
9	Pro Forma Present Rates at March 31, 2022					<u>\$ 2,923,770</u>		
10	Pro Forma Present Rates at March 31, 2023							<u>\$ 2,923,770</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 177,227
2	Commercial	87,269
3	Industrial	-
4	Public	-
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>264,496</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 264,496</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

DSIC ADJUSTMENT

This revenue adjustment is being made to reset any DSIC revenues or credits to zero.

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 DSIC REVENUE	ANNUALIZED PRESENT RATES 3/31/2021 DSIC REVENUE	PRESENT RATES 3/31/2021 ADJUSTMENT
1	Residential	\$ (2)	\$ -	\$ 2
2	Commercial	(1)	-	1
3	Industrial	-	-	-
4	Public	-	-	-
5	Other	-	-	-
6	Availability Charge	-	-	-
7	Total Sales to General Customers	(3)	-	3
8	Forfeited Discounts	-	-	-
9	Other WW Revenues	-	-	-
10	Miscellaneous WW Service Revenues	-	-	-
11	Total Other WW Revenues	-	-	-
12	Total Operating Revenue	\$ (3)	\$ -	\$ 3



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ANNUALIZATION OF ACQUISITION

The following adjustment is to annualize the additional revenue from the East Norriton Acquisition to give effect of a full twelve months of service.

LINE NO.	DESCRIPTION	PRESENT RATES	
		3/31/2022	ADJUSTMENT
1	Residential	\$	636,176
2	Commercial		280,195
3	Industrial		
4	Public		
5	Other		
6	Availability Charge		
7	Total Sales to General Customers		<u>916,371</u>
8	Forfeited Discounts		
9	Other WW Revenues		
10	Miscellaneous WW Service Revenues		
11	Total Other WW Revenues		<u>-</u>
12	Total Operating Revenue	<u>\$</u>	<u>916,371</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
1		--Collection--				
2		-Operations-				
3	7151	Purchased Power	110,623	110,623	127,188	122,439
4	7361	OS Other	-	50,000	50,875	51,740
5		-Maintenance-				
6	7362	OS Other	-	75,000	76,313	77,610
7						
8		Total Collection Expense	\$ 110,623	\$ 235,623	\$ 254,375	\$ 251,789
9						
10		--Pumping--				
11		-Operations-				
12	7753	Other	300	300	305	310
13						
14		Total Pumping Expense	\$ 300	\$ 300	\$ 305	\$ 310
15						
16		--Treatment & Disposal--				
17		-Operations-				
18	7105	Purchased Wastewater	1,218,074	1,507,343	1,395,173	1,432,326
19	7205	Supplies	1,070	1,070	1,089	1,108
20		-Maintenance-				
21	7206	Supplies	1,080	1,080	1,099	1,118
22						
23		Total Treatment & Disposal Expense	\$ 1,220,225	\$ 1,509,494	\$ 1,397,362	\$ 1,434,552
24						

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
25		--Customer Accounting--				
26	7367	OS Other	60,780	77,297	84,140	86,245
27	7707	Bad Debt	1,559	23,878	34,818	34,818
28						
29		Total Customer Accounting Expense	\$ 62,339	\$ 101,175	\$ 118,959	\$ 121,064
30						
31		--Administrative and General--				
32	7018	Labor	120,614	120,614	133,702	137,735
33	7048	Employee Benefits	61,155	70,481	75,060	77,148
34	7328	OS Accounting	5,830	5,830	5,932	6,032
35	7338	OS Legal	(40,893)	-	-	-
36	7349	Management Fees	145,141	203,484	209,174	215,006
37	7368	OS Other	3,997	3,997	4,067	4,136
38	7578	Insurance	4,959	4,959	13,370	14,199
39	7588	Insurance	596	596	1,244	1,316
40	7598	Insurance	2,632	2,632	4,517	4,759
41	7758	Other	7,153	7,153	7,279	7,402
42	7668	Amortization of Rate Case	-	-	-	7,677
43						
44		Total Admin & General Expense	\$ 311,184	\$ 419,746	\$ 454,343	\$ 475,410
45						
46		Total Operating Expenses	\$ 1,704,671	\$ 2,266,338	\$ 2,225,344	\$ 2,283,124

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 120,614	\$ -	\$ 120,614	\$ 13,088	\$ 133,702	\$ 4,034	\$ 137,735
2 Employee Benefits	61,155	9,326	70,481	4,579	75,060	2,087	77,148
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	1,218,074	289,269	1,507,343	(112,170)	1,395,173	37,153	1,432,326
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	110,623	-	110,623	16,564	127,188	(4,749)	122,439
7 Chemicals	-	-	-	-	-	-	-
8 Supplies	2,151	-	2,151	38	2,188	37	2,225
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	5,830	-	5,830	102	5,932	101	6,032
11 OS Legal	(40,893)	40,893	-	-	-	-	-
12 OS Lab Testing	-	-	-	-	-	-	-
13 OS Other	64,777	141,517	206,294	9,100	215,395	4,336	219,731
14 Management Fees	145,141	58,344	203,484	5,689	209,174	5,832	215,006
15 Leases	-	-	-	-	-	-	-
16 Transportation	-	-	-	-	-	-	-
17 Insurance	8,186	-	8,186	10,944	19,131	1,143	20,274
18 Other	7,453	-	7,453	130	7,584	129	7,713
19 Bad Debt	1,559	22,319	23,878	10,941	34,818	-	34,818
20 Amortization of Rate Case	-	-	-	-	-	7,677	7,677
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 1,704,671		\$ 2,266,338		\$ 2,225,344		\$ 2,283,124
25 Pro Forma Adjustments		\$ 561,667		\$ (40,994)		\$ 57,780	
26 Uncollectibles @ Proposed Rates							\$ 34,709
27 Proposed Rates @ 3/31/23							<u>\$ 2,317,833</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 1,704,671				
2	Present Rates at 3/31/21					\$ 2,266,338		
3	Present Rates at 3/31/22							\$ 2,225,344
4	General Price Level Adjustment	Schedule C-4.1	-		4,357		4,307	
5	Uncollectible Accounts	Schedule C-4.2	22,319		10,941		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		7,677	
8	Payroll	Schedule C-4.5	-		13,104		4,050	
9	Insurance Expense	Schedule C-4.6	(2,456)		7,661		800	
10	Management Service & Sundry	Schedule C-4.7	58,344		4,439		4,596	
11	Customer Service & Sundry	Schedule C-4.8	16,517		6,247		1,515	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	165,893		-		-	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	-		16,564		(4,749)	
16	Chemicals	Schedule C-6.2	-		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	289,269		(112,170)		37,153	
18	Employee Benefits	Schedule C-8.1	11,781		7,863		2,430	
19	Pro Forma Adjustments			\$ 561,667		\$ (40,994)		\$ 57,780
20	Pro Forma Present Rates at March 31, 2021			\$ 2,266,338				
21	Pro Forma Present Rates at March 31, 2022					\$ 2,225,344		
22	Pro Forma Present Rates at March 31, 2023							\$ 2,283,124

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 2,266,338	
3	Present Rates 3/31/2022		\$ 2,225,344
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	121,562	134,666
6	Employee Benefits	70,481	75,060
7	Purchased Wastewater	1,507,343	1,395,173
8	Sludge	-	-
9	Purchased Power	110,623	127,188
10	Chemicals	-	-
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	43,220	49,467
17	Management Fees	132,046	136,485
18	Leases	-	-
19	Transportation	-	-
20	Insurance	8,186	19,131
21	Other	-	-
22	Bad Debt	23,878	34,818
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 2,017,340	\$ 1,971,989
28	Total Operating Expenses Subject to Effects of Inflation	\$ 248,998	\$ 253,356
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 4,357	\$ 4,307

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)			
1	Second Quarter	2021	1.900%	(a)
2	Third Quarter	2021	1.700%	(a)
3	Fourth Quarter	2021	1.700%	(a)
4	First Quarter	2022	1.700%	(b)
5	Annual Average for the Period Ending 3/31/2022			1.750%
6	Second Quarter	2022	1.700%	(b)
7	Third Quarter	2022	1.700%	(b)
8	Fourth Quarter	2022	1.700%	(b)
9	First Quarter	2023	1.700%	(c)
10	Annual Average for the Period Ending 3/31/2023			1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 2,264,457	\$ 1,999,964	\$ 2,916,335	\$ 2,916,335
2	Annualized Uncollectible Account based on Experience Factor @ 1.19391%		23,878	34,818	34,818 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		1,559		
5	Less: Present Rates 3/31/2021			23,878	
6	Less: Present Rates 3/31/2022				34,818
7	Increase/(Decrease)		<u>\$ 22,319</u>	<u>\$ 10,941</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 22,319	\$ 10,941	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	1.05%	\$ 23,032	\$ 7,677	
12	Normalization Period		36 Months		
13		PRESENT RATES	PRESENT RATES		
14		3/31/2022	3/31/2023		
15		AMOUNT	AMOUNT		
16	Annual Expense on a 36 Month Normalized Basis	\$	-	\$ 7,677	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		-		
19	Less: Present Rates 3/31/2022			-	
20	Increase/(Decrease)	\$	-	\$ 7,677	
21	Pro Forma Adjustment:				
22	7668			\$ 7,677	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels scheduled to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 121,562	\$ 134,666	\$ 138,716	
3	Capital Payroll	-	-	-	
4	Non-Operating Payroll	-	-	-	
5	Expense Payroll	121,562	134,666	138,716	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 13,104	\$ 4,050	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ -	\$ -	\$ -	
9	Capital Payroll	-	-	-	
10	Non-Operating Payroll	-	-	-	
11	Expense Payroll	-	-	-	‡
12	Union Expense Payroll Increase/(Decrease)		\$ -	\$ -	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 13,104</u>	<u>\$ 4,050</u>	
14	Pro Forma Adjustment:				
15	7013		\$ -	\$ -	
16	7014		\$ -	\$ -	
17	7015		\$ -	\$ -	
18	7017		\$ -	\$ -	
19	7018		\$ 13,104	\$ 4,050	
20	75052		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 4,959	\$ 13,370	\$ 14,169	
2	Workers Compensation	596	1,244	1,318	
3	Other (Exec Risk, Property, Surety Bond)	2,632	4,517	4,786	
4		<u>8,186</u>	<u>19,131</u>	<u>20,274</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (2,456)	(5,739)	(6,082)	‡
6	Subtotal Insurance	<u>\$ 5,730</u>	<u>\$ 13,391</u>	<u>\$ 14,192</u>	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	8,186			
9	Less: Present Rates 3/31/2021		5,730		
10	Less: Present Rates 3/31/2022			13,391	
11	Increase/(Decrease)	<u>\$ (2,456)</u>	<u>\$ 7,661</u>	<u>\$ 800</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 8,411	\$ 799	
14	7588	\$ -	\$ 648	\$ 74	
15	7598	\$ -	\$ 1,885	\$ 270	
16	7048	\$ (2,456)	\$ (3,283)	\$ (343)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 132,046	\$ 132,046	\$ 136,485	‡
2	Payroll Increase		3,245	3,342	‡
3	Employee Benefit Insurance Increase		1,194	1,254	‡
4	Management Fees All Other	71,438	71,438	71,438	
5	Total Expense Claim	\$ 203,484	\$ 207,924	\$ 212,520	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	145,141			
8	Less: Present Rates 3/31/2021		203,484		
9	Less: Present Rates 3/31/2022			207,924	
10	Increase/(Decrease)	\$ 58,344	\$ 4,439	\$ 4,596	
11	Pro Forma Adjustment:				
12	7349	\$ 58,344	\$ 4,439	\$ 4,596	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 43,220	\$ 43,220	\$ 49,467	‡
2	Payroll Increase		4,343	1,112	‡
3	Employee Benefit Increase		1,903	403	‡
4	Customer Operations All Other	14,814	14,814	14,814	
5	Total Expense Claim	\$ 58,034	\$ 64,280	\$ 65,796	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	41,516			
8	Less: Present Rates 3/31/2021		58,034		
9	Less: Present Rates 3/31/2022			64,280	
10	Increase/(Decrease)	\$ 16,517	\$ 6,247	\$ 1,515	
11	Pro Forma Adjustment:				
12	7367	\$ 16,517	\$ 6,247	\$ 1,515	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	Annualization of OM OS Maintenance	50,000		
3	Annualization of OM OS Operations	75,000		
4	<b>Deductions:</b>			
5	Remove reversal of non-recurring expense	40,893		
6	Increase/(Decrease)	\$ 165,893	\$ -	\$ -
7	Pro Forma Adjustment:			
8	7338	\$ 40,893		
9	7361	\$ 50,000		
10	7362	\$ 75,000		

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Leases	\$ -	\$ -	\$ - ‡
2	Total Specific Expenses Not Subject to Inflation	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 110,623	\$ 127,188	\$ 122,439	
2	Claimed Purchased Power Expense - Gas	-	-	-	
3		<u>\$ 110,623</u>	<u>\$ 127,188</u>	<u>\$ 122,439</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	110,623			
6	Less: Present Rates 3/31/2021		110,623		
7	Less: Present Rates 3/31/2022			127,188	
8	Increase/(Decrease)	<u>\$ -</u>	<u>\$ 16,564</u>	<u>\$ (4,749)</u>	
9	Pro Forma Adjustment:				
10	7151	\$ -	\$ 16,564	\$ (4,749)	
11	7153	\$ -	\$ -	\$ -	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ -	\$ -	\$ -	
15	7163	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	East Norriton	953,541	\$ 110,623	1,430,312	\$ 127,188	1,430,312	\$ 122,439
2				\$ 110,623		\$ 127,188		\$ 122,439

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The Company is not making a claim for chemical expenses for East Norriton in this case.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Chemical Expense Claim	\$ -	\$ -	\$ - ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	7183	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense annualizes the cost of service to reflect 12 months of bills for the Historic Test Year and includes a reduction in rates charged by the service provider starting in January of 2021. The service provider is East Norriton-Plymouth-Whitpain Joint Sewer Authority.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Purchased Wastewater Expense	\$ 1,507,343	\$ 1,395,173	\$ 1,432,326 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	1,218,074		
4	Less: Present Rates 3/31/2021		1,507,343	
5	Less: Present Rates 3/31/2022			\$ 1,395,173
6	Increase/(Decrease)	<u>\$ 289,269</u>	<u>\$ (112,170)</u>	<u>\$ 37,153</u>
7	Pro Forma Adjustment:			
8	7105	\$ 289,269	\$ (112,170)	\$ 37,153

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Wastewater Intracompany Benefits	\$ 72,937	\$ 80,800	\$ 83,230 ‡
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	61,155		
4	Less: Present Rates 3/31/2021		72,937	
5	Less: Present Rates 3/31/2022			80,800
6	Increase/(Decrease)	<u>\$ 11,781</u>	<u>\$ 7,863</u>	<u>\$ 2,430</u>
7	Pro Forma Adjustment:			
8	7048	\$ 11,781	\$ 7,863	\$ 2,430

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 883,597	\$ 885,745	\$ 952,641
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	786,699		
4	Less: Present Rates 3/31/2021		883,597	
5	Less: Present Rates 3/31/2022			885,745
6	Increase/(Decrease)	<u>\$ 96,898</u>	<u>\$ 2,148</u>	<u>\$ 66,896</u>
7	Pro Forma Adjustment:			
8		\$ 96,898	\$ 2,148	\$ 66,896

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ -						
2	Present Rates at 3/31/21				\$ 12,771				
3	Present Rates at 3/31/22						\$ 18,601		
4	Present Rates at 3/31/23								\$ 18,601
	General Assessment Fees By The Pennsylvania Public Utility								
5	Commission	9,081		4,145		-		13,151	
	General Assessment Fees By The Consumer Advocate, Small								
6	Business Advocate, And Damage Prevention Committee	3,690		1,684		-		5,344	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9									
10	Pro Forma Adjustment		<u>\$ 12,771</u>		<u>\$ 5,830</u>		<u>\$ -</u>		<u>\$ 18,495</u>
11	Pro Forma Present Rates at March 31, 2021		<u>\$ 12,771</u>						
12	Pro Forma Present Rates at March 31, 2022				<u>\$ 18,601</u>				
13	Pro Forma Present Rates at March 31, 2023						<u>\$ 18,601</u>		
14	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 37,096</u>



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 2,007,399	\$ 2,923,770	\$ 2,923,770	\$ 5,830,935
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	9,081	13,226	13,226	26,378
4	Total General Assessment Fees	\$ 9,081	\$ 13,226	\$ 13,226	\$ 26,378
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	-			
7	Less: Present Rates 3/31/2021		9,081		
8	Less: Present Rates 3/31/2022			13,226	
9	Less: Present Rates 3/31/2023				13,226
10	Increase/(Decrease)	<u>\$ 9,081</u>	<u>\$ 4,145</u>	<u>\$ -</u>	<u>\$ 13,151</u>
11	Pro Forma Adjustment:				
12	4081	\$ 9,081	\$ 4,145	\$ -	\$ 13,151

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 2,007,399	\$ 2,923,770	\$ 2,923,770	\$ 5,830,935
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001625725256	3,263	4,753	4,753	9,479
4	Small Business Advocate Fee At 0.000184760982	371	540	540	1,077
5	Damage Prevention Fee At 0.000027700326	56	81	81	162
6	Total General Assessment Fees	\$ 3,690	\$ 5,374	\$ 5,374	\$ 10,718
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 3/31/2021	-			
9	Less: Present Rates 3/31/2021		3,690		
10	Less: Present Rates 3/31/2022			5,374	
11	Less: Present Rates 3/31/2023				5,374
12	Increase/(Decrease)	<u>\$ 3,690</u>	<u>\$ 1,684</u>	<u>\$ -</u>	<u>\$ 5,344</u>
13	Pro Forma Adjustment:				
14	4081	\$ 3,690	\$ 1,684	\$ -	\$ 5,344

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23			
2 Capital Structure	\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate	
3 Long-term Debt	\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%	
4 Common Equity	\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%	
5	\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%	
6	PRESENT RATES			PRESENT RATES			PRESENT RATES			
7 Calculation of Interest:	3/31/21			3/31/22			3/31/23			
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$ 20,392,874		Schedule G-1 Col 4, Row 15	\$ 20,369,115		Schedule G-1 Col 5, Row 15	\$ 25,308,104		
9 Applicable Percentage		48.25%			44.47%			46.08%		
10 Applicable Portion of Rate Base		\$ 9,840,143			\$ 9,057,332			\$ 11,660,775		
11 Cost Rate		4.04%			4.01%			4.00%		
12 Pro-Forma Long-term Interest Expense		\$ 397,542			\$ 363,199			\$ 466,431		
13 Less: Interest on Long Term Debt Per Books 3/31/21		-								
14 Less: Interest on Long Term Debt Present Rates at 3/31/21					397,542					
15 Less: Interest on Long Term Debt Present Rates at 3/31/22								363,199		
16 Long Term Debt Pro Forma Adjustment		\$ 397,542			\$ (34,343)			\$ 103,232		

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ (1,601)	\$ -	\$ -
2	Eliminate Interest During Construction	1,601	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ 1,601	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (280,085)	\$ (93,435)	\$ (161,302)	\$ 378,157
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 3/31/21			(280,085)		
4	Less: Present Rates at 3/31/22				(93,435)	
5	Less: Present Rates at 3/31/23					(161,302)
6	Pro Forma Adjustment		<u>\$ (280,085)</u>	<u>\$ 186,650</u>	<u>\$ (67,867)</u>	<u>\$ 539,459</u>
7	State Income Tax - Current	Schedule F-2	\$ (148,029)	\$ (49,382)	\$ (85,250)	\$ 199,861
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 3/31/21			(148,029)		
10	Less: Present Rates at 3/31/22				(49,382)	
11	Less: Present Rates at 3/31/23					(85,250)
12	Pro Forma Adjustment		<u>\$ (148,029)</u>	<u>\$ 98,647</u>	<u>\$ (35,869)</u>	<u>\$ 285,111</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ (14,927)	\$ (15,710)	11,829	11,829
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 3/31/21			(14,927)		
16	Less: Present Rates at 3/31/22				(15,710)	
17	Less: Present Rates at 3/31/23					11,829
18	Pro Forma Adjustment		<u>\$ (14,927)</u>	<u>\$ (783)</u>	<u>\$ 27,539</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 3/31/21			-		
22	Less: Present Rates at 3/31/22				-	
23	Less: Present Rates at 3/31/23					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

COMPUTATION OF FEDERAL AND STATE INCOME TAXES

UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ (1,155,307)	\$ (1,155,307)	\$ (205,920)	\$ (205,920)	\$ (330,596)	\$ (330,596)	\$ 2,523,365	\$ 2,523,365
2 Interest Expense	Schedule A-1	(397,542)	(397,542)	(363,199)	(363,199)	(466,431)	(466,431)	(466,431)	(466,431)
3 State Income Tax	[11]	148,029		49,382		85,250		(199,861)	
4 Tax Repair Deduction		-	-	-	-	-	-	-	-
5 Book Depreciation	Schedule A-1	883,597	883,597	885,745	885,745	952,641	952,641	952,641	952,641
6 Tax Depreciation		(812,515)	(812,515)	(810,936)	(810,936)	(1,008,969)	(1,008,969)	(1,008,969)	(1,008,969)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ (1,333,738)</u>	<u>\$ (1,481,767)</u>	<u>\$ (444,929)</u>	<u>\$ (494,310)</u>	<u>\$ (768,105)</u>	<u>\$ (853,355)</u>	<u>\$ 1,800,745</u>	<u>\$ 2,000,606</u>
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	(280,085)	(148,029)	(93,435)	(49,382)	(161,302)	(85,250)	378,157	199,861
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ (280,085)</u>	<u>\$ (148,029)</u>	<u>\$ (93,435)</u>	<u>\$ (49,382)</u>	<u>\$ (161,302)</u>	<u>\$ (85,250)</u>	<u>\$ 378,157</u>	<u>\$ 199,861</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	-	-	-	-	-	-	-	-
16 Normalized Book Depreciation		(883,597)		(885,745)		(952,641)		(952,641)	
17 Normalized Tax Depreciation		812,515		810,936		1,008,969		1,008,969	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	(14,927)	-	(15,710)	-	11,829	-	11,829	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		-		-		-		-	
22 Flowback of TCJA 2017 - 10 Years		-		-		-		-	
23 Total Flow Through		-	-	-	-	-	-	-	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ (14,927)</u>	<u>\$ -</u>	<u>\$ (15,710)</u>	<u>\$ -</u>	<u>\$ 11,829</u>	<u>\$ -</u>	<u>\$ 11,829</u>	<u>\$ -</u>
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (295,012)</u>	<u>\$ (148,029)</u>	<u>\$ (109,145)</u>	<u>\$ (49,382)</u>	<u>\$ (149,473)</u>	<u>\$ (85,250)</u>	<u>\$ 389,985</u>	<u>\$ 199,861</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 49,478,883	\$ 50,244,554	\$ 55,678,832
2 Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3		49,478,883	50,244,554	55,678,832
4 Less: Accumulated Depreciation	Schedule G-2	(29,166,010)	(29,971,149)	(30,454,610)
5 Net Plant in Service		<u>20,312,874</u>	<u>20,273,405</u>	<u>25,224,223</u>
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	80,000	80,000	80,000
9		<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	-	-	-
12 Deferred Income Taxes	Schedule G-7	-	15,710	3,881
13 Investment Tax Credit		-	-	-
14		<u>-</u>	<u>15,710</u>	<u>3,881</u>
15 Total Rate Base		<u>\$ 20,392,874</u>	<u>\$ 20,369,115</u>	<u>\$ 25,308,104</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 49,478,883	\$ 49,478,883	\$ 50,244,554
2	Plus: Additions		853,779	5,872,430
3	Less: Retirements		(88,108)	(438,152)
4	Utility Plant in Service	<u>\$ 49,478,883</u>	<u>\$ 50,244,554</u>	<u>\$ 55,678,832</u>
5	Accumulated Depreciation	<u>(29,166,010)</u>	<u>(29,971,149)</u>	<u>(30,454,610)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL	DATE	AMORTIZATION	PRESENT RATES		FTY	PRESENT RATES		FPFTY	PRESENT RATES	
			ACQUISITION ADJUSTMENT		PERIOD 20 YEARS	3/31/2021 BALANCE	AMORTIZATIONS		3/31/2022 BALANCE	AMORTIZATIONS		3/31/2023 BALANCE	

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<hr/> \$ -
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<hr/>
17	At 3/31/2022 and 3/31/2023		<hr/> <hr/> \$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ 132,000	\$ 132,000	\$ 132,000
2	Cash Working Capital - Taxes	Schedule G-5.3	8,000	8,000	8,000
3	Cash Working Capital - Interest	Schedule G-5.4	(60,000)	(60,000)	(60,000)
4	Total Cash Working Capital Requirement		\$ 80,000	\$ 80,000	\$ 80,000

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	241,889
6	August	2020	321,778
7	September	2020	230,731
8	October	2020	89,812
9	November	2020	155,806
10	December	2020	527,134
11	January	2021	494,794
12	February	2021	458,359
13	March	2021	279,839
14	Total		<u>\$ 2,800,141</u>
15	Average Accounts Receivable Balance		\$ 215,395
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 2,271,891</u>
16	Average Daily Billing	284 days	\$ 8,000
18	Lag in Receipt of Payment		26.9
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>44.1</u></u>

Reference:

(a) One-half of monthly billing period.



AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS	
	(1)	(2)	(3)	(4)	(5)	
1	Hourly Labor	\$ -	7.5	(a)	\$ -	
2	Non-Union Labor	138,716	11.0	(b)	1,525,876	
3	Management Fee	215,006	16.0	(d)	3,440,089	
4	Electric Power	122,439	20.7	(c)	2,537,718	
5						
6	Employee Group Insurance	83,230	16.0	(d)	1,331,673	
7	Liability Insurance	20,274	(1.4)	(c)	(27,771)	
8	SFI Postage	15,385	(8.0)	(c)	(122,481)	
9	Pension	0	300.6	(c)	0	
10	SFAS106	0	365.7	(e)	0	
11	All Other Expenses (g)	1,645,580	25.5	(f)	41,962,291	
12	Total	<u>\$ 2,240,629</u>			<u>\$ 50,647,395</u>	
13	Average Lag Days in Payment of Expenses		<u>22.6</u>	Col 5, Row 12 / Col 2, Row 12		
14	Average Lag Days in Receipt of Revenues		<u>44.1</u>	Schedule G-5.1		
15	Average Lag Days between Payment of Expenses					
16	and Receipt of Revenue		<u>21.5</u>	[14] - [13]		
17	<table border="1"><tr><td>WORKING CAPITAL REQUIREMENT</td></tr></table>					WORKING CAPITAL REQUIREMENT
WORKING CAPITAL REQUIREMENT						
18	Pro-forma Annual Expense Per Day		\$ 6,139	Col 2, Row 12 / 365		
19	Cash Working Capital Required		\$ 131,982	[16] * [18]		
20	USE		<u>\$ 132,000</u>	* Rounded to nearest thousandth		

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 13,226	(197.5)	(a)	\$ (2,612,216)
2	OCA & SBA - General Assessments	5,374	(197.5)	(a)	(1,061,451)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(167.0)	(a)	-
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(85,250)	45.2	(a)	(3,853,309)
10	Federal Income Tax	(161,302)	33.4	(a)	(5,387,489)
11	Total	<u>\$ (227,951)</u>			<u>\$ (12,914,465)</u>
12	Average Lag Days in Payment of Taxes		<u>56.7</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>44.1</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(12.6)</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ (625)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 7,869	[15] * [17]	
19	USE		<u>\$ 8,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Long Term Debt- Interest	\$ 466,431	91.3	(a)	\$ 42,561,828
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 466,431</u>			<u>\$ 42,561,828</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>44.1</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(47.2)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 1,278		
10	Cash Working Capital Required		\$ (60,317)		
11	USE		<u>\$ (60,000)</u>	* Rounded to nearest thousandth	

Reference:  
(a) Paid Semi-Annually  
(b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ -	\$ -	\$ -
2	Plus: Contributions		-	-
3	Less: Amortization		-	-
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - EAST NORRITON

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes		\$ -	\$ -	\$ (15,710)
2	Change in Deferred Tax	Schedule F-2		(15,710)	11,829
3	Deferred Income Taxes		<u>\$ -</u>	<u>\$ 15,710</u>	<u>\$ 3,881</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDENTABLE OF CONTENTS TO EXHIBIT 1-G WASTEWATER NEW GARDEN

	Schedule	Witness
<b>A Summary</b>		
Pro Forma Statement Of Income For The Twelve Months Ending March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	A-1	William C. Packer
Number Of Customers Served And Whose Bills Will Be Changed	A-2	William C. Packer
Calculation Of Revenue Deficiency And Rate Of Return At Current And Proposed Rates March 31, 2023	A-3	William C. Packer
Statement Of Utility's Calculation Of Rate Of Return - Earned In The Year Ended March 31, 2021 And Anticipated Under Present And Proposed Rates For The Test Years Ended March 31, 2022 And March 31, 2023	A-4	William C. Packer
Calculation Of Gross Revenue Conversion Factor	A-5	William C. Packer
<b>B Operating Revenues</b>		
Statement Of Operating Revenue For The Twelve Months Ending March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	B-1	Erin M. Feeney & Constance Heppenstall
Summary Of Adjustments To Operating Revenues	B-2	Erin M. Feeney
Operating Revenues - Unbilled Revenue Adjustment	B-3	Erin M. Feeney
Operating Revenues - Page Held For Future Use	B-4	Erin M. Feeney
Operating Revenues - Annualization Of Acquisition	B-5	Erin M. Feeney
<b>C Operating Expenses</b>		
Notes To Statement Of Income Operating Expenses Expense Detail Accounts	C-1	William C. Packer
Operating Expenses Summary Of Expense Accounts	C-2	William C. Packer
Summary Of Adjustments To Operating Expenses	C-3	William C. Packer
Operating Expenses - General Price Level Adjustment	C-4.1	Christopher E. Manning
Operating Expenses - Inflation Factor Calculation	C-4.1.i	Christopher E. Manning
Operating Expenses - Uncollectible Accounts	C-4.2	Erin M. Feeney
Operating Expenses - Page Held For Future Use	C-4.3	N/A
Operating Expenses - Rate Case Expense	C-4.4	Christopher E. Manning
Operating Expenses - Payroll	C-4.5	Erin M. Feeney
Operating Expenses - Insurance Expense	C-4.6	Christopher M. Henkel
Operating Expenses - Management Service & Sundry	C-4.7	William C. Packer
Operating Expenses - Customer Service & Sundry	C-4.8	William C. Packer
Operating Expenses - Miscellaneous Expense Adjustments	C-4.9	Christopher E. Manning
Operating Expenses - Specific Expenses Not Subject To Inflation	C-4.10	Christopher E. Manning
Operating Expenses - Page Held For Future Use	C-5.1	N/A
Operating Expenses - Purchased Power Expense	C-6.1	Christopher M. Henkel
Operating Expenses - Purchased Power - Electric	C-6.1.i	Christopher M. Henkel
Operating Expenses - Purchased Power - Gas	C-6.1.ii	Christopher M. Henkel
Operating Expenses - Chemicals	C-6.2	Christopher M. Henkel

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDENTABLE OF CONTENTS TO EXHIBIT 1-G WASTEWATER NEW GARDEN

	Schedule	Witness
Operating Expenses - Purchased Wastewater Treatment Expense	C-7.1	Christopher M. Henkel
Operating Expenses - Employee Benefits	C-8.1	William C. Packer
<b>D Other Expenses</b>		
Statement Of Depreciation	D-1	Erin M. Feeney & John J. Spanos
Summary Of Adjustments To Taxes Other Than Income	D-2	Erin M. Feeney
Taxes Other Than Income - General Assessment Fees By The Pennsylvania Public Utility Commission	D-2.1	Erin M. Feeney
Taxes Other Than Income - General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	D-2.2	Erin M. Feeney
Taxes Other Than Income - Public Utility Realty Tax	D-2.3	Erin M. Feeney
Taxes Other Than Income - Pennsylvania Property Tax	D-2.4	Erin M. Feeney
<b>E Interest Expense</b>		
Interest On Long-Term Debt	E-1	William C. Packer
Amortization Of Debt Issuance & Premium/Discount On Debt	E-2	William C. Packer
Other Interest Charges	E-3	William C. Packer
Interest During Contruction	E-4	William C. Packer
<b>F Income Taxes</b>		
Summary Of Adjustments To Income Taxes	F-1	Christine Saball
Computation Of Federal And State Income Taxes Under Present And Proposed Rates	F-2	Christine Saball
<b>G Rate Base</b>		
Rate Base As Of March 31, 2021, March 31, 2022 And March 31, 2023 Under Present And Proposed Rates	G-1	William C. Packer
Rate Base - Utility Plant In Service & Accumulated Depreciation	G-2	Erin M. Feeney & John J. Spanos
Rate Base - Utility Plant Acquisition Adjustments	G-3	Erin M. Feeney
Rate Base - Materials And Supplies	G-4	William C. Packer
Rate Base - Cash Working Capital Summary	G-5	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Receipt Of Revenue	G-5.1	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Expenses	G-5.2	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Taxes	G-5.3	William C. Packer
Rate Base - Cash Working Capital - Calculation Of Lag Days In Payment Of Interest	G-5.4	William C. Packer
Rate Base - Contributions In Aid Of Construction (CIAC) And Customer Advances For Construction (CAC)	G-6	Erin M. Feeney & John J. Spanos
Rate Base - Deferred Income Taxes	G-7	Christine Saball

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
PRO FORMA STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	PRESENT RATES 3/31/21				PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
	PER BOOKS	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Operating Revenues	\$	895,540	\$ (234,720)	\$ 660,820	\$ 2,210,878	\$ 2,871,698	\$ -	\$ 2,871,698	\$ 2,750,907	\$ 5,622,606
2 Operating Expenses		384,441	1,308,816	1,693,257	148,805	1,842,062	6,828	1,848,890	32,843	1,881,734
3 Depreciation		-	716,886	716,886	14,231	731,117	4,717	735,834		735,834
4 Taxes, other than income :										
5 PUC assessment		-	2,989	2,989	10,001	12,991	-	12,991	12,444	25,435
6 OCA & SBA assessments		-	1,215	1,215	4,064	5,279	-	5,279	5,057	10,335
7 Public Utility Realty tax		-	-	-	-	-	-	-	-	-
8 State Capital Stock tax		-	-	-	-	-	-	-	-	-
9 Local property taxes & misc.		-	-	-	-	-	-	-	-	-
10 Federal & State payroll tax		-	-	-	-	-	-	-	-	-
11 Total Taxes, other than income		-	4,204	4,204	14,065	18,270	-	18,270	17,501	35,771
12 Utility Operating Income Before Tax		511,099	(2,264,626)	(1,753,527)	2,033,776	280,249	(11,545)	268,704	2,700,563	2,969,267
13 Income Taxes:										
14 Federal Tax-Current		-	(538,659)	(538,659)	395,370	(143,289)	(3,133)	(146,422)	510,463	364,041
15 Pa. CNI Tax-Current		-	(284,688)	(284,688)	208,958	(75,730)	(1,656)	(77,386)	269,786	192,400
16 Federal Tax-Deferred		-	105,695	105,695	(1,714)	103,981	(1,943)	102,038	-	102,038
17 Pa. CNI Tax-Deferred		-	-	-	-	-	-	-	-	-
18 ITC-Current		-	-	-	-	-	-	-	-	-
19 ITC-Amortized		-	-	-	-	-	-	-	-	-
20 Total Income Taxes		-	(717,652)	(717,652)	602,614	(115,037)	(6,732)	(121,770)	780,249	658,480
21 Total Operating Revenue Deductions		384,441	1,312,255	1,696,695	779,716	2,476,412	4,813	2,481,224	830,594	3,311,818
22 Utility Operating Income		511,099	(1,546,975)	(1,035,875)	1,431,162	395,287	(4,813)	390,474	1,920,314	2,310,787
23 Income Deductions:										
24 Interest on Long-Term debt		-	592,893	592,893	(49,735)	543,158	14,283	557,441		557,441
25 Amort. Of debt discount & expense		-	-	-	-	-	-	-	-	-
26 Other interest charges		-	-	-	-	-	-	-	-	-
27 Interest during Construction		-	-	-	-	-	-	-	-	-
28 Total Income Deductions		-	592,893	592,893	(49,735)	543,158	14,283	557,441	-	557,441
29 Net Income	\$	511,099	\$ (2,139,867)	\$ (1,628,768)	\$ 1,480,897	\$ (147,871)	\$ (19,096)	\$ (166,967)	\$ 1,920,314	\$ 1,753,346
30 Preferred Dividend										
31 Net Income-Common	\$	511,099	\$ (2,139,867)	\$ (1,628,768)	\$ 1,480,897	\$ (147,871)	\$ (19,096)	\$ (166,967)	\$ 1,920,314	\$ 1,753,346



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2020 (1)	SERVED AT 3/31/2021 (2)	TO BE SERVED AT 3/31/2022 (3)	TO BE SERVED AT 3/31/2023 (4)	INCREASED BILLS (5)	DECREASED BILLS (6)	UNCHANGED BILLS (7)
1	Residential	-	1,811	1,811	1,811	1,811	-	-
2	Commercial	-	159	159	159	159	-	-
3	Industrial	-	-	-	-	-	-	-
4	Public	-	3	3	3	3	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	-	1,973	1,973	1,973	1,973	-	-

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
CALCULATION OF REVENUE DEFICIENCY AND RATE OF RETURN  
AT CURRENT AND PROPOSED RATES MARCH 31, 2023

LINE NO.	DESCRIPTION	REFERENCE		
1	Pro Forma Rate Base	Schedule G-1	\$	30,246,226
2	Recommended Rate of Return	Schedule E-1	X	7.64%
3	Operating Income, Pro Forma Proposed Rates		= \$	2,310,787
4	Operating Income, Pro Forma Present Rates	Schedule A-1	\$	390,474
5	Operating Income Deficit		= \$	1,920,314
6	Gross Revenue Conversion Factor	Schedule A-5	X	1.4325
7	Revenue Deficit		= \$	2,750,907

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
STATEMENT OF UTILITY'S CALCULATION OF RATE OF RETURN  
EARNED IN THE YEAR ENDED MARCH 31, 2021 AND  
ANTICIPATED UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEARS ENDED MARCH 31, 2022 AND MARCH 31, 2023

LINE NO.		NET UTILITY OPERATING INCOME	VALUATION AT ORIGINAL COST	RATE OF RETURN
1	Present Rates March 31, 2021	\$ (1,035,875)	\$ 30,413,882	-3.41%
2	Present Rates March 31, 2022	\$ 395,287	\$ 30,461,660	1.30%
3	Present Rates March 31, 2023	\$ 390,474	\$ 30,246,226	1.29%
4	Proposed Rates March 31, 2023	\$ 2,310,787	\$ 30,246,226	7.64%

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
CALCULATION OF GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	RATE
1	Dollar (Taxable income)	\$ 1.0000
2	Less:	
3	Gross Receipts Tax	0.000% N/A
4	PUC Assessments	0.636% Schedule D-2.1 & Schedule D-2.2
5	Bad Debt	1.194% Schedule C-4.2.i
6	Subtotal (Taxable income)	\$ 0.9817
7	State Tax Rate	9.990%
8	State Tax \$\$ =====>	\$ 0.0981
9	State Factor	\$ 0.8836
10	Federal Tax Rate	21.00%
11	Fed Tax \$\$ =====>	\$ 0.1856
12	Combined Income Tax Factor on Gross Revenues	28.36%
13	Net Operating Income Factor	69.81%
14	Gross Revenue Conversion Factor	1.43253

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
STATEMENT OF OPERATING REVENUE FOR THE TWELVE MONTHS ENDING MARCH 31, 2021,  
MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	CUSTOMER CLASS	REVENUE FOR 12 MOS. ENDED		PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		REVENUE RATE INCREASE		PROPOSED RATES	
		3/31/21	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	%	\$		AMOUNT	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	
1	Residential	\$ 646,205	\$ (146,526)	\$ 499,679	\$ 1,791,359	\$ 2,291,038	\$ -	\$ 2,291,038	96.0%	\$ 2,200,371	\$	4,491,409	
2	Commercial	249,335	(88,194)	161,141	419,519	580,660	-	580,660	94.8%	550,537		1,131,197	
3	Industrial	-	-	-	-	-	-	-	0.0%			-	
4	Public	-	-	-	-	-	-	-	0.0%			-	
5	Other	-	-	-	-	-	-	-	0.0%			-	
6	Availability Charge	-	-	-	-	-	-	-	0.0%			-	
7	Total Sales to General Customers	895,540	(234,720)	660,820	2,210,878	2,871,698	-	2,871,698	95.8%	2,750,907		5,622,606	
8	Forfeited Discounts	-	-	-	-	-	-	-	0.0%			-	
9	Other WW Revenues	-	-	-	-	-	-	-	0.0%			-	
10	Miscellaneous WW Service Revenues	-	-	-	-	-	-	-	0.0%			-	
11	Total Other WW Revenues	-	-	-	-	-	-	-	0.0%	-		-	
12	Total Operating Revenue	\$ 895,540	\$ (234,720)	\$ 660,820	\$ 2,210,878	\$ 2,871,698	\$ -	\$ 2,871,698	95.8%	\$ 2,750,907	\$	5,622,606	

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING REVENUES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 895,540				
2	Present Rates at 3/31/21					\$ 660,820		
3	Present Rates at 3/31/22							\$ 2,871,698
4	Unbilled Revenue Adjustment	Schedule B-3	(234,720)		-		-	
5	Page Held For Future Use	Schedule B-4	-		-		-	
6	Annualization Of Acquisition	Schedule B-5	-		2,210,878		-	
7	Pro Forma Adjustment			<u>(234,720)</u>		<u>2,210,878</u>		<u>-</u>
8	Pro Forma Present Rates at March 31, 2021			<u>\$ 660,820</u>				
9	Pro Forma Present Rates at March 31, 2022					<u>\$ 2,871,698</u>		
10	Pro Forma Present Rates at March 31, 2023							<u>\$ 2,871,698</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

UNBILLED REVENUE ADJUSTMENT

The following adjustment is being made to eliminate the unbilled revenue accrued per books for the historic test year.

LINE NO.	DESCRIPTION	PER BOOK 3/31/2021 AMOUNT
1	Residential	\$ 146,526
2	Commercial	88,194
3	Industrial	-
4	Public	-
5	Other	
6	Availability Charge	
7	Total Sales to General Customers	<u>234,720</u>
8	Forfeited Discounts	
9	Other WW Revenues	
10	Miscellaneous WW Service Revenues	
11	Total Other WW Revenues	<u>-</u>
12	Total Operating Revenue	<u>\$ 234,720</u>

Docket No. R-2021-3027386  
Exhibit 1-G

Schedule B-4  
Witness: Erin M. Feeney

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

PAGE HELD FOR FUTURE USE

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AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING REVENUES

ANNUALIZATION OF ACQUISITION

The following adjustment is to annualize the additional revenue from  
the New Garden Acquisition to give effect of a full twelve months of service.

LINE NO.	DESCRIPTION	PRESENT RATES	
		3/31/2022	ADJUSTMENT
1	Residential	\$	1,791,359
2	Commercial		419,519
3	Industrial		
4	Public		
5	Other		
6	Availability Charge		
7	Total Sales to General Customers		<u>2,210,878</u>
8	Forfeited Discounts		
9	Other WW Revenues		
10	Miscellaneous WW Service Revenues		
11	Total Other WW Revenues		<u>-</u>
12	Total Operating Revenue	<u>\$</u>	<u>2,210,878</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21 (3)	PRESENT RATES 3/31/21 (4)	PRESENT RATES 3/31/22 (5)	PRESENT RATES 3/31/23 (6)
1	(1)	(2)				
2		--Collection--				
3		-Operations-				
4	7151	Purchased Power	30,750	30,750	135,832	130,019
5	7161	Purchased Power	203	203	896	858
6		-Maintenance-				
7	7362	OS Other	5,095	25,475	25,921	26,361
8		Total Collection Expense	\$ 36,048	\$ 56,428	\$ 162,649	\$ 157,238
9						
10		--Pumping--				
11		-Operations-				
12	7183	Chemicals	357	1,428	1,428	1,428
13	7203	Supplies	4,988	4,988	5,075	5,161
14		-Maintenance-				
15	7354	OS Lab Testing	670	15,670	15,944	16,215
16	7364	OS Other	19,497	97,485	99,191	100,877
17		Total Pumping Expense	\$ 25,512	\$ 119,571	\$ 121,638	\$ 123,682
18						
19		--Treatment & Disposal--				
20		-Operations-				
21	7105	Purchased Wastewater	249,695	1,200,000	1,200,000	1,200,000
22	7365	OS Other	10,335	51,675	52,579	53,473
23		-Maintenance-				
24	7366	OS Other	20,970	104,850	106,684	108,498
25		Total Treatment & Disposal Expense	\$ 280,999	\$ 1,356,524	\$ 1,359,263	\$ 1,361,970
26						
27						
28						

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EXPENSE DETAIL ACCOUNTS

LINE NO.	Acct. No.	Account Title	PER BOOKS 3/31/21	PRESENT RATES 3/31/21	PRESENT RATES 3/31/22	PRESENT RATES 3/31/23
	(1)	(2)	(3)	(4)	(5)	(6)
29		--Customer Accounting--				
30	7367	OS Other	7,341	25,208	27,830	28,571
31	7707	Bad Debt	148	7,890	34,286	34,286
32						
33		Total Customer Accounting Expense	\$ 7,489	\$ 33,098	\$ 62,115	\$ 62,856
34						
35		--Administrative and General--				
36	7018	Labor	10,607	10,607	11,757	12,112
37	7048	Employee Benefits	-	5,916	4,826	4,904
38	7328	OS Accounting	779	779	792	806
39	7349	Management Fees	18,485	80,812	83,072	85,388
40	7368	OS Other	2,836	2,836	2,885	2,934
41	7578	Insurance	1,159	1,159	5,310	5,627
42	7588	Insurance	108	108	494	524
43	7598	Insurance	392	392	1,794	1,901
44	7758	Other	29	25,029	25,467	25,900
45	7668	Amortization of Rate Case	-	-	-	3,049
46						
47		Total Admin & General Expense	\$ 34,393	\$ 127,637	\$ 136,397	\$ 143,144
48						
49		Total Operating Expenses	\$ 384,441	\$ 1,693,257	\$ 1,842,062	\$ 1,848,890

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SUMMARY OF EXPENSE ACCOUNTS

LINE NO.	PER BOOKS 3/31/21	ADJUSTMENTS 3/31/21	PRESENT RATES 3/31/21	ADJUSTMENTS 3/31/22	PRESENT RATES 3/31/22	ADJUSTMENTS 3/31/23	PRESENT RATES 3/31/23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Labor	\$ 10,607	\$ -	\$ 10,607	\$ 1,151	\$ 11,757	\$ 355	\$ 12,112
2 Employee Benefits	-	5,916	5,916	(1,090)	4,826	78	4,904
3 Purchased Water	-	-	-	-	-	-	-
4 Purchased Wastewater	249,695	950,305	1,200,000	-	1,200,000	-	1,200,000
5 Sludge	-	-	-	-	-	-	-
6 Purchased Power	30,953	-	30,953	105,775	136,728	(5,851)	130,877
7 Chemicals	357	1,071	1,428	-	1,428	-	1,428
8 Supplies	4,988	-	4,988	87	5,075	86	5,161
9 OS Engineer	-	-	-	-	-	-	-
10 OS Accounting	779	-	779	14	792	13	806
11 OS Legal	-	-	-	-	-	-	-
12 OS Lab Testing	670	15,000	15,670	274	15,944	271	16,215
13 OS Other	66,073	241,455	307,528	7,562	315,091	5,624	320,715
14 Management Fees	18,485	62,327	80,812	2,259	83,072	2,316	85,388
15 Leases	-	-	-	-	-	-	-
16 Transportation	-	-	-	-	-	-	-
17 Insurance	1,658	-	1,658	5,939	7,598	454	8,051
18 Other	29	25,000	25,029	438	25,467	433	25,900
19 Bad Debt	148	7,742	7,890	26,396	34,286	-	34,286
20 Amortization of Rate Case	-	-	-	-	-	3,049	3,049
21 Amortization of UPAA	-	-	-	-	-	-	-
22 Amortization of Tank Painting	-	-	-	-	-	-	-
23 Amortization Other	-	-	-	-	-	-	-
24 Total Operating Expenses	\$ 384,441		\$ 1,693,257		\$ 1,842,062		\$ 1,848,890
25 Pro Forma Adjustments		\$ 1,308,816		\$ 148,805		\$ 6,828	
26 Uncollectibles @ Proposed Rates							\$ 32,843
27 Proposed Rates @ 3/31/23							<u>\$ 1,881,734</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES

LINE NO.	DESCRIPTION	REFERENCE	ADJUSTMENT	PRESENT RATES 3/31/21 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/22 AMOUNT	ADJUSTMENT	PRESENT RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Per Books			\$ 384,441				
2	Present Rates at 3/31/21					\$ 1,693,257		
3	Present Rates at 3/31/22							\$ 1,842,062
4	General Price Level Adjustment	Schedule C-4.1	-		6,390		6,316	
5	Uncollectible Accounts	Schedule C-4.2	7,742		26,396		-	
6	Page Held For Future Use	Schedule C-4.3	-		-		-	
7	Rate Case Expense	Schedule C-4.4	-		-		3,049	
8	Payroll	Schedule C-4.5	-		1,152		356	
9	Insurance Expense	Schedule C-4.6	(497)		4,157		318	
10	Management Service & Sundry	Schedule C-4.7	62,327		1,763		1,825	
11	Customer Service & Sundry	Schedule C-4.8	17,867		2,481		602	
12	Miscellaneous Expense Adjustments	Schedule C-4.9	263,588		-		-	
13	Specific Expenses Not Subject To Inflation	Schedule C-4.10	-		-		-	
14	Page Held For Future Use	Schedule C-5.1	-		-		-	
15	Purchased Power Expense	Schedule C-6.1	-		105,775		(5,851)	
16	Chemicals	Schedule C-6.2	1,071		-		-	
17	Purchased Wastewater Treatment Expense	Schedule C-7.1	950,305		-		-	
18	Employee Benefits	Schedule C-8.1	6,414		691		214	
19	Pro Forma Adjustments			<u>\$ 1,308,816</u>		<u>\$ 148,805</u>		<u>\$ 6,828</u>
20	Pro Forma Present Rates at March 31, 2021			<u>\$ 1,693,257</u>				
21	Pro Forma Present Rates at March 31, 2022					<u>\$ 1,842,062</u>		
22	Pro Forma Present Rates at March 31, 2023							<u>\$ 1,848,890</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

GENERAL PRICE LEVEL ADJUSTMENT

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Total Operations and Maintenance Expenses:		
2	Present Rates 3/31/2021	\$ 1,693,257	
3	Present Rates 3/31/2022		\$ 1,842,062
4	Less amounts specifically adjusted in this filing or not otherwise subject to inflation:		
5	Labor	10,690	11,842
6	Employee Benefits	5,916	4,826
7	Purchased Wastewater	1,200,000	1,200,000
8	Sludge	-	-
9	Purchased Power	30,953	136,728
10	Chemicals	1,428	1,428
11	Supplies	-	-
12	OS Engineer	-	-
13	OS Accounting	-	-
14	OS Legal	-	-
15	OS Lab Testing	-	-
16	OS Other	17,165	19,645
17	Management Fees	52,441	54,204
18	Leases	-	-
19	Transportation	-	-
20	Insurance	1,658	7,598
21	Other	-	-
22	Bad Debt	7,890	34,286
23	Amortization of Rate Case	-	-
24	Amortization of UPAA	-	-
25	Amortization of Tank Painting	-	-
26	Amortization Other	-	-
27	Total Operating Expenses Adjusted/Unadjusted for Separately	\$ 1,328,140	\$ 1,470,556
28	Total Operating Expenses Subject to Effects of Inflation	\$ 365,117	\$ 371,506
29	Inflation Factor - Schedule C-4.1.i	1.750%	1.700%
30	Estimated Effect of Inflation at Annual Rate Pro Forma Adjustment	\$ 6,390	\$ 6,316

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INFLATION FACTOR CALCULATION

LINE NO.	GDP Chained Price Index (% Change From Same Quarter Prior Year)		
1	Second Quarter	2021	1.900% (a)
2	Third Quarter	2021	1.700% (a)
3	Fourth Quarter	2021	1.700% (a)
4	First Quarter	2022	1.700% (b)
5	Annual Average for the Period Ending 3/31/2022		1.750%
6	Second Quarter	2022	1.700% (b)
7	Third Quarter	2022	1.700% (b)
8	Fourth Quarter	2022	1.700% (b)
9	First Quarter	2023	1.700% (c)
10	Annual Average for the Period Ending 3/31/2023		1.700%

Source:

- (a) Blue Chip Economic Indicators Volume 45, No. 10, October 10, 2020, Page 5, Forecasted Future Periods
- (b) 2022 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.
- (c) First Quarter of 2023 not available in Blue Chip Report. Used Prior Quarter, Q4-2021.

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

UNCOLLECTIBLE ACCOUNTS

For the three years ended March 31, 2021, the Company experienced an average uncollectible accounts factor of 1.19391% with regard to sales to general customers.

LINE NO.	DESCRIPTION	PER BOOKS	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Sales to General Customers Excluding Forfeited Discounts and Misc Revenue	\$ 895,540	\$ 660,820	\$ 2,871,698	\$ 2,871,698
2	Annualized Uncollectible Accounts based on Experience Factor @ 1.19391%		7,890	34,286	34,286 ‡
3	Less: Amount Charged to Operating Expense				
4	During the Twelve Months Ended 3/31/2021		148		
5	Less: Present Rates 3/31/2021			7,890	
6	Less: Present Rates 3/31/2022				34,286
7	Increase/(Decrease)		<u>\$ 7,742</u>	<u>\$ 26,396</u>	<u>\$ -</u>
8	Pro Forma Adjustment:				
9	7707		\$ 7,742	\$ 26,396	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

RATE CASE EXPENSE

The following adjustment reflects the estimated cost of this rate case as summarized below. The total cost is being allocated based on the ratio of wastewater customers served to total water and wastewater customers. The Company proposes to normalize this cost over a thirty-six month period, which is consistent with the rate treatment in previous cases.

LINE NO.	DESCRIPTION				
1	Engineering, Cost Allocation and Depreciation	\$	400,000		
2	Legal		1,200,000		
3	Other Consultants		100,000		
4	Rate of Return		95,000		
5	Notices and Postage		340,000		
6	Miscellaneous		65,000		
7	Total	\$	2,200,000		
8	Allocation of Total Rate Case Expense		Total	Annual Amortization	
9	Water	91.51%	\$ 2,013,220	\$ 671,073	
10	Wastewater	8.49%	\$ 186,780	\$ 62,260	
11	Wastewater - Current Exhibit	0.42%	\$ 9,147	\$ 3,049	
12	Normalization Period		36 Months		
13		PRESENT RATES	PRESENT RATES		
14		3/31/2022	3/31/2023		
15		AMOUNT	AMOUNT		
16	Annual Expense on a 36 Month Normalized Basis	\$	-	\$ 3,049	‡
17	Less: Amount Charged to Operating Expense				
18	During the Twelve Months Ended 3/31/2021		-		
19	Less: Present Rates 3/31/2022			-	
20	Increase/(Decrease)	\$	-	\$ 3,049	
21	Pro Forma Adjustment:				
22	7668			\$ 3,049	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PAYROLL

The following amounts summarize the Company's estimated annualized payroll expense. This results from the calculation of employee compensation levels expected to be in effect by March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	<b><u>Non-Union Payroll</u></b>				
2	Gross Payroll	\$ 10,690	\$ 11,842	\$ 12,198	
3	Capital Payroll	-	-	-	
4	Non-Operating Payroll	-	-	-	
5	Expense Payroll	10,690	11,842	12,198	‡
6	Non-Union Expense Payroll Increase/(Decrease)		\$ 1,152	\$ 356	
7	<b><u>Union Payroll</u></b>				
8	Gross Payroll	\$ -	\$ -	\$ -	
9	Capital Payroll	-	-	-	
10	Non-Operating Payroll	-	-	-	
11	Expense Payroll	-	-	-	‡
12	Union Expense Payroll Increase/(Decrease)		\$ -	\$ -	
13	Total Expense Payroll Increase/(Decrease)		<u>\$ 1,152</u>	<u>\$ 356</u>	
14	Pro Forma Adjustment:				
15	7013		\$ -	\$ -	
16	7014		\$ -	\$ -	
17	7015		\$ -	\$ -	
18	7017		\$ -	\$ -	
19	7018		\$ 1,152	\$ 356	
20	75052		\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

INSURANCE EXPENSE

The Company's self insured policies for General Liability, Workers Compensation, Vehicle, and Other are evaluated annually by a third party insurance broker, using multiple year claims history. The Company has based its expense claim on the actual and projected premiums for the twelve months ending March 31, 2022 and March 31, 2023.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	General Liability	\$ 1,159	\$ 5,310	\$ 5,627	
2	Workers Compensation	108	494	524	
3	Other (Exec Risk, Property, Surety Bond)	392	1,794	1,901	
4		<u>1,658</u>	<u>7,598</u>	<u>8,051</u>	‡
5	Capitalized portion not charged to operating expense	30.00% (497)	(2,279)	(2,415)	‡
6	Subtotal Insurance	<u>\$ 1,161</u>	<u>\$ 5,318</u>	<u>\$ 5,636</u>	
7	Less: Amount Charged to Operating Expense				
8	During the Twelve Months Ended 3/31/2021	1,658			
9	Less: Present Rates 3/31/2021		1,161		
10	Less: Present Rates 3/31/2022			5,318	
11	Increase/(Decrease)	<u>\$ (497)</u>	<u>\$ 4,157</u>	<u>\$ 318</u>	
12	Pro Forma Adjustment:				
13	7578	\$ -	\$ 4,151	\$ 317	
14	7588	\$ -	\$ 386	\$ 30	
15	7598	\$ -	\$ 1,402	\$ 107	
16	7048	\$ (497)	\$ (1,782)	\$ (136)	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MANAGEMENT SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Services, Inc. employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Management Fees Labor & Benefits	\$ 52,441	\$ 52,441	\$ 54,204	‡
2	Payroll Increase		1,289	1,327	‡
3	Employee Benefit Insurance Increase		474	498	‡
4	Management Fees All Other	28,371	28,371	28,371	
5	Total Expense Claim	\$ 80,812	\$ 82,575	\$ 84,400	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	18,485			
8	Less: Present Rates 3/31/2021		80,812		
9	Less: Present Rates 3/31/2022			82,575	
10	Increase/(Decrease)	<u>\$ 62,327</u>	<u>\$ 1,763</u>	<u>\$ 1,825</u>	
11	Pro Forma Adjustment:				
12	7349	\$ 62,327	\$ 1,763	\$ 1,825	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CUSTOMER SERVICE & SUNDRY

The following amounts summarize the estimated additional annualized payroll expense and the company portion of employee benefit related premiums of the Aqua Customer Operations employees whose time was charged to Aqua Pennsylvania Wastewater during the test year.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Customer Operations Labor & Benefits	\$ 17,165	\$ 17,165	\$ 19,645	‡
2	Payroll Increase		1,725	442	‡
3	Employee Benefit Increase		756	160	‡
4	Customer Operations All Other	5,883	5,883	5,883	
5	Total Expense Claim	\$ 23,048	\$ 25,528	\$ 26,130	
6	Less: Amount Charged to Operating Expense				
7	During the Twelve Months Ended 3/31/2021	5,181			
8	Less: Present Rates 3/31/2021		23,048		
9	Less: Present Rates 3/31/2022			25,528	
10	Increase/(Decrease)	\$ 17,867	\$ 2,481	\$ 602	
11	Pro Forma Adjustment:				
12	7367	\$ 17,867	\$ 2,481	\$ 602	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

MISCELLANEOUS EXPENSE ADJUSTMENTS

The following adjustments reflect miscellaneous additions or deductions from pro forma expenses.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	<b>Additions:</b>			
2	Annualization of OM Lab Testing	15,000		
3	Annualization of OM OS Other Maintenance	223,588		
4	Annualization of OM Other	25,000		
5	<b>Deductions:</b>			
6	Increase/(Decrease)	\$ 263,588	\$ -	\$ -
7	Pro Forma Adjustment:			
8	7354	\$ 15,000		
9	7362	\$ 20,380		
10	7364	\$ 77,988		
11	7366	\$ 83,880		
12	7365	\$ 41,340		
13	7758	\$ 25,000		

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

SPECIFIC EXPENSES NOT SUBJECT TO INFLATION

The following amounts reflect specific expenses that are not separately adjusted for and are not subject to growth from inflation. These amounts are eliminated from the eligible Operating Expenses subject to inflation on Schedule C-4.1.

LINE NO.	DESCRIPTION	PRESENT RATES		
		3/31/2021 AMOUNT	3/31/2022 AMOUNT	3/31/2023 AMOUNT
1	Leases	\$ -	\$ -	\$ - ‡
2	Total Specific Expenses Not Subject to Inflation	\$ -	\$ -	\$ -

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

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AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER EXPENSE

This adjustment summarizes the Company's purchased power expense claim as detailed on Schedule C-6.1.i & Schedule C-6.1.ii.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Power Expense - Electric	\$ 30,716	\$ 136,249	\$ 130,392	
2	Claimed Purchased Power Expense - Gas	237	479	485	
3		<u>\$ 30,953</u>	<u>\$ 136,728</u>	<u>\$ 130,877</u>	‡
4	Less: Amount Charged to Operating Expense				
5	During the Twelve Months Ended 3/31/2021	30,953			
6	Less: Present Rates 3/31/2021		30,953		
7	Less: Present Rates 3/31/2022			136,728	
8	Increase/(Decrease)	<u>\$ -</u>	<u>\$ 105,775</u>	<u>\$ (5,851)</u>	
9	Pro Forma Adjustment:				
10	7151	\$ -	\$ 105,082	\$ (5,813)	
11	7153	\$ -	\$ -	\$ -	
12	7155	\$ -	\$ -	\$ -	
13	7158	\$ -	\$ -	\$ -	
14	7161	\$ -	\$ 693	\$ (38)	
15	7163	\$ -	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - ELECTRIC

LINE NO.	UTILITY	LOCATION	HISTORIC KW HOURS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE KW HOURS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE KW HOURS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	New Garden	287,367	\$ 30,716	1,763,934	\$ 136,249	1,763,934	\$ 130,392
2				\$ 30,716		\$ 136,249		\$ 130,392

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED POWER - GAS

LINE NO.	UTILITY	LOCATION	HISTORIC THERMS	PRESENT RATES 3/31/2021 AMOUNT	FUTURE THERMS	PRESENT RATES 3/31/2022 AMOUNT	FULLY PROJECTED FUTURE THERMS	PRESENT RATES 3/31/2023 AMOUNT
1	PECO	New Garden	32	\$ 237	64	\$ 479	64	\$ 485
2				<u>\$ 237</u>		<u>\$ 479</u>		<u>\$ 485</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

CHEMICALS

The chemical expense claim was based on the annualized expense to reflect a full twelve months of service.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Chemical Expense Claim (Annualized)	\$ 1,428	\$ 1,428	\$ 1,428	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	357			
4	Less: Present Rates 3/31/2021		1,428		
5	Less: Present Rates 3/31/2022			1,428	
6	Increase/(Decrease)	<u>\$ 1,071</u>	<u>\$ -</u>	<u>\$ -</u>	
7	Pro Forma Adjustment:				
8	7183	\$ 1,071	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

PURCHASED WASTEWATER TREATMENT EXPENSE

The Company's claim for purchased wastewater treatment expense is being annualized to give effect of a full twelve months of service for the New Garden Wastewater System. The service provider is Brandywine Septic.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	
1	Claimed Purchased Wastewater Expense	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	‡
2	Less: Amount Charged to Operating Expense				
3	During the Twelve Months Ended 3/31/2021	249,695			
4	Less: Present Rates 3/31/2021		1,200,000		
5	Less: Present Rates 3/31/2022			1,200,000	
6	Increase/(Decrease)	<u>\$ 950,305</u>	<u>\$ -</u>	<u>\$ -</u>	
7	Pro Forma Adjustment:				
8	7105	\$ 950,305	\$ -	\$ -	

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OPERATING EXPENSES

EMPLOYEE BENEFITS

Aqua Pennsylvania Water Operations charges a portion of employee benefits and other related overheads to Aqua Pennsylvania Wastewater through an intracompany transaction which is calculated based on approximately 60% of wastewater payroll expense. Refer to Exhibit 1-A Water, Schedule C-8.5 for the corresponding entry.

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Wastewater Intracompany Benefits	\$ 6,414	\$ 7,105	\$ 7,319
2	Less: Amount Charged to Operating Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		6,414	
5	Less: Present Rates 3/31/2022			7,105
6	Increase/(Decrease)	<u>\$ 6,414</u>	<u>\$ 691</u>	<u>\$ 214</u>
7	Pro Forma Adjustment:			
8	7048	\$ 6,414	\$ 691	\$ 214

‡ : Amount removed for Inflation Adjustment (Schedule C-4.1)

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

STATEMENT OF DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES	PRESENT RATES	PRESENT RATES
		3/31/21 AMOUNT	3/31/22 AMOUNT	3/31/23 AMOUNT
	(1)	(2)	(3)	(4)
1	Annualized Depreciation Expense	\$ 716,886	\$ 731,117	\$ 735,834
2	Less: Amount Charged to Depreciation Expense			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		716,886	
5	Less: Present Rates 3/31/2022			731,117
6	Increase/(Decrease)	<u>\$ 716,886</u>	<u>\$ 14,231</u>	<u>\$ 4,717</u>
7	Pro Forma Adjustment:			
8		\$ 716,886	\$ 14,231	\$ 4,717



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO TAXES OTHER THAN INCOME

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES	
		ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT	ADJUSTMENT	AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Per Books		\$ -						
2	Present Rates at 3/31/21				\$ 4,204				
3	Present Rates at 3/31/22						\$ 18,270		
4	Present Rates at 3/31/23								\$ 18,270
5	General Assessment Fees By The Pennsylvania Public Utility Commission	2,989		10,001		-		12,444	
6	General Assessment Fees By The Consumer Advocate, Small Business Advocate, And Damage Prevention Committee	1,215		4,064		-		5,057	
7	Public Utility Realty Tax	-		-		-			
8	Pennsylvania Property Tax	-		-		-			
9									
10	Pro Forma Adjustment		<u>\$ 4,204</u>		<u>\$ 14,065</u>		<u>\$ -</u>		<u>\$ 17,501</u>
11	Pro Forma Present Rates at March 31, 2021		<u>\$ 4,204</u>						
12	Pro Forma Present Rates at March 31, 2022				<u>\$ 18,270</u>				
13	Pro Forma Present Rates at March 31, 2023						<u>\$ 18,270</u>		
14	Pro Forma Proposed Rates at March 31, 2023								<u>\$ 35,771</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 660,820	\$ 2,871,698	\$ 2,871,698	\$ 5,622,606
2	Estimated General Assessment Fee:				
3	Public Utility Commission Fee At 0.004523752666	2,989	12,991	12,991	25,435
4	Total General Assessment Fees	\$ 2,989	\$ 12,991	\$ 12,991	\$ 25,435
5	Less: Amount Charged to Taxes Other Than Income				
6	During the Twelve Months Ended 3/31/2021	-			
7	Less: Present Rates 3/31/2021		2,989		
8	Less: Present Rates 3/31/2022			12,991	
9	Less: Present Rates 3/31/2023				12,991
10	Increase/(Decrease)	\$ 2,989	\$ 10,001	\$ -	\$ 12,444
11	Pro Forma Adjustment:				
12	4081	\$ 2,989	\$ 10,001	\$ -	\$ 12,444

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

GENERAL ASSESSMENT FEES BY THE CONSUMER ADVOCATE, SMALL BUSINESS ADVOCATE, AND DAMAGE PREVENTION COMMITTEE

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT	PROPOSED RATES AMOUNT
1	Gross Utility Water Revenues	\$ 660,820	\$ 2,871,698	\$ 2,871,698	\$ 5,622,606
2	Estimated General Assessment Fee:				
3	Consumer Advocate Fee At 0.001625725256	1,074	4,669	4,669	9,141
4	Small Business Advocate Fee At 0.000184760982	122	531	531	1,039
5	Damage Prevention Fee At 0.000027700326	18	80	80	156
6	Total General Assessment Fees	\$ 1,215	\$ 5,279	\$ 5,279	\$ 10,335
7	Less: Amount Charged to Taxes Other Than Income				
8	During the Twelve Months Ended 3/31/2021	-			
9	Less: Present Rates 3/31/2021		1,215		
10	Less: Present Rates 3/31/2022			5,279	
11	Less: Present Rates 3/31/2023				5,279
12	Increase/(Decrease)	<u>\$ 1,215</u>	<u>\$ 4,064</u>	<u>\$ -</u>	<u>\$ 5,057</u>
13	Pro Forma Adjustment:				
14	4081	\$ 1,215	\$ 4,064	\$ -	\$ 5,057

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PUBLIC UTILITY REALTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	PURTA Liability	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4082	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

TAXES OTHER THAN INCOME

PENNSYLVANIA PROPERTY TAX

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Claimed Property Tax Expense	\$ -	\$ -	\$ -
2	Less: Amount Charged to Taxes Other Than Income			
3	During the Twelve Months Ended 3/31/2021	-		
4	Less: Present Rates 3/31/2021		-	
5	Less: Present Rates 3/31/2022			-
6	Increase/(Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	Pro Forma Adjustment:			
8	4081	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
INTEREST ON LONG-TERM DEBT

For the purposes of calculating long-term debt interest expense, the Company is using the pro-forma capital structure and cost rates as noted below:

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	PRESENT RATES @ 3/31/21			PRESENT RATES @ 3/31/22			PRESENT RATES @ 3/31/23			
2 Capital Structure	\$	%	Cost Rate	\$	%	Cost Rate	\$	%	Cost Rate	
3 Long-term Debt	\$ 1,825,756,444	48.25%	4.04%	\$ 1,814,246,887	44.47%	4.01%	\$ 1,988,887,917	46.08%	4.00%	
4 Common Equity	\$ 1,957,971,316	51.75%	10.75%	\$ 2,265,829,316	55.53%	10.75%	\$ 2,327,719,016	53.92%	10.75%	
5	\$ 3,783,727,759	100.00%	7.51%	\$ 4,080,076,202	100.00%	7.75%	\$ 4,316,606,932	100.00%	7.64%	
6	PRESENT RATES			PRESENT RATES			PRESENT RATES			
7 Calculation of Interest:	3/31/21			3/31/22			3/31/23			
8 Original Cost Rate Base	Schedule G-1 Col 3, Row 15	\$ 30,413,882		Schedule G-1 Col 4, Row 15	\$ 30,461,660		Schedule G-1 Col 5, Row 15	\$ 30,246,226		
9 Applicable Percentage		48.25%			44.47%			46.08%		
10 Applicable Portion of Rate Base		\$ 14,675,565			\$ 13,545,083			\$ 13,936,028		
11 Cost Rate		4.04%			4.01%			4.00%		
12 Pro-Forma Long-term Interest Expense		\$ 592,893			\$ 543,158			\$ 557,441		
13 Less: Interest on Long Term Debt Per Books 3/31/21		-								
14 Less: Interest on Long Term Debt Present Rates at 3/31/21					592,893					
15 Less: Interest on Long Term Debt Present Rates at 3/31/22								543,158		
16 Long Term Debt Pro Forma Adjustment		\$ 592,893			\$ (49,735)			\$ 14,283		

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
NOTES TO STATEMENT OF INCOME  
AMORTIZATION OF DEBT ISSUANCE & PREMIUM/DISCOUNT ON DEBT

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Amortization of Debt Discount and Expense Per Books	\$ -	\$ -	\$ -
2	Eliminate Amortization of Debt Discount and Expense	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4276	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

OTHER INTEREST CHARGES

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Other Interest Charges Per Books	\$ -	\$ -	\$ -
2	Eliminate Other Interest Charges	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4190	\$ -	\$ -	\$ -



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

INTEREST DURING CONTRUCTION

The Company eliminates interest during construction to allow for full recovery of the Company's interest expense claim (weighted cost of debt times rate base).

LINE NO.	DESCRIPTION	PER BOOKS 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Interest During Construction Per Books	\$ -	\$ -	\$ -
2	Eliminate Interest During Construction	-	-	-
3	Sub-Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4	Pro Forma Adjustment:			
5	4200	\$ -	\$ -	\$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO STATEMENT OF INCOME

SUMMARY OF ADJUSTMENTS TO INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/21 AMOUNT	PRESENT RATES 3/31/22 AMOUNT	PRESENT RATES 3/31/23 AMOUNT	PROPOSED RATES 3/31/23 AMOUNT
	(1)	(2)	(3)	(4)	(5)	(6)
1	Federal Income Tax - Current	Schedule F-2	\$ (538,659)	\$ (143,289)	\$ (146,422)	\$ 364,041
2	Less: Per Book	Schedule A-1	-			
3	Less: Present Rates at 3/31/21			(538,659)		
4	Less: Present Rates at 3/31/22				(143,289)	
5	Less: Present Rates at 3/31/23					(146,422)
6	Pro Forma Adjustment		<u>\$ (538,659)</u>	<u>\$ 395,370</u>	<u>\$ (3,133)</u>	<u>\$ 510,463</u>
7	State Income Tax - Current	Schedule F-2	\$ (284,688)	\$ (75,730)	\$ (77,386)	\$ 192,400
8	Less: Per Book	Schedule A-1	-			
9	Less: Present Rates at 3/31/21			(284,688)		
10	Less: Present Rates at 3/31/22				(75,730)	
11	Less: Present Rates at 3/31/23					(77,386)
12	Pro Forma Adjustment		<u>\$ (284,688)</u>	<u>\$ 208,958</u>	<u>\$ (1,656)</u>	<u>\$ 269,786</u>
13	Federal Income Tax - Deferred	Schedule F-2	\$ 105,695	\$ 103,981	\$ 102,038	\$ 102,038
14	Less: Per Book	Schedule A-1	-			
15	Less: Present Rates at 3/31/21			105,695		
16	Less: Present Rates at 3/31/22				103,981	
17	Less: Present Rates at 3/31/23					102,038
18	Pro Forma Adjustment		<u>\$ 105,695</u>	<u>\$ (1,714)</u>	<u>\$ (1,943)</u>	<u>\$ -</u>
19	State Income Tax - Deferred	Schedule F-2	\$ -	\$ -	\$ -	\$ -
20	Less: Per Book	Schedule A-1	-			
21	Less: Present Rates at 3/31/21			-		
22	Less: Present Rates at 3/31/22				-	
23	Less: Present Rates at 3/31/23					-
24	Pro Forma Adjustment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

COMPUTATION OF FEDERAL AND STATE INCOME TAXES

UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	PRESENT RATES 3/31/21		PRESENT RATES 3/31/22		PRESENT RATES 3/31/23		PROPOSED RATES 3/31/23	
		FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE	FEDERAL	STATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1 Utility Operating Income Before Tax	Schedule A-1	\$ (1,753,527)	\$ (1,753,527)	\$ 280,249	\$ 280,249	\$ 268,704	\$ 268,704	\$ 2,969,267	\$ 2,969,267
2 Interest Expense	Schedule A-1	(592,893)	(592,893)	(543,158)	(543,158)	(557,441)	(557,441)	(557,441)	(557,441)
3 State Income Tax	[11]	284,688		75,730		77,386		(192,400)	
4 Tax Repair Deduction		-	-	-	-	-	-	-	-
5 Book Depreciation	Schedule A-1	716,886	716,886	731,117	731,117	735,834	735,834	735,834	735,834
6 Tax Depreciation		(1,220,195)	(1,220,195)	(1,226,266)	(1,226,266)	(1,221,730)	(1,221,730)	(1,221,730)	(1,221,730)
7 Taxable Income	Sum of Lines [1] : [6]	<u>\$ (2,565,041)</u>	<u>\$ (2,849,729)</u>	<u>\$ (682,327)</u>	<u>\$ (758,057)</u>	<u>\$ (697,247)</u>	<u>\$ (774,633)</u>	<u>\$ 1,733,530</u>	<u>\$ 1,925,930</u>
8 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
9 Pro Forma Income Tax : Current	[7] * [8]	(538,659)	(284,688)	(143,289)	(75,730)	(146,422)	(77,386)	364,041	192,400
10 Other									
11 Total - Current Income Tax	[9] + [10]	<u>\$ (538,659)</u>	<u>\$ (284,688)</u>	<u>\$ (143,289)</u>	<u>\$ (75,730)</u>	<u>\$ (146,422)</u>	<u>\$ (77,386)</u>	<u>\$ 364,041</u>	<u>\$ 192,400</u>
12 Deferred Income Tax:									
13 Catch Up Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
15 Deferred Income Tax - Repair Adjustment	[13] * [14]	-	-	-	-	-	-	-	-
16 Normalized Book Depreciation		(716,886)		(731,117)		(735,834)		(735,834)	
17 Normalized Tax Depreciation		1,220,195		1,226,266		1,221,730		1,221,730	
18 Income Tax Rate		21.00%	9.99%	21.00%	9.99%	21.00%	9.99%	21.00%	9.99%
19 Deferred Income Tax - Tax/Book Depreciation	( [16] + [17] ) * [18]	105,695	-	103,981	-	102,038	-	102,038	-
20 Flowback of TRA-86		-		-		-		-	
21 Flowback of TCJA 2017 (ARAM) - Protected		-		-		-		-	
22 Flowback of TCJA 2017 - 10 Years		-		-		-		-	
23 Total Flow Through		-	-	-	-	-	-	-	-
24 Total - Deferred Income Tax	[15] + [19] + [23]	<u>\$ 105,695</u>	<u>\$ -</u>	<u>\$ 103,981</u>	<u>\$ -</u>	<u>\$ 102,038</u>	<u>\$ -</u>	<u>\$ 102,038</u>	<u>\$ -</u>
25 Amortization of Income Tax Credit		-		-		-		-	
26 Total - Income Tax	[11] + [24] + [25]	<u>\$ (432,964)</u>	<u>\$ (284,688)</u>	<u>\$ (39,308)</u>	<u>\$ (75,730)</u>	<u>\$ (44,384)</u>	<u>\$ (77,386)</u>	<u>\$ 466,079</u>	<u>\$ 192,400</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

RATE BASE AS OF MARCH 31, 2021,

MARCH 31, 2022 AND MARCH 31, 2023 UNDER PRESENT AND PROPOSED RATES

LINE NO.	REFERENCE	ORIGINAL COST 3/31/21	ORIGINAL COST 3/31/22	ORIGINAL COST 3/31/23
(1)	(2)	(3)	(4)	(5)
1 Utility Plant in Service	Schedule G-2	\$ 58,977,747	\$ 59,707,158	\$ 60,289,702
2 Utility Plant Acquisition Adjustment	Schedule G-3	-	-	-
3		58,977,747	59,707,158	60,289,702
4 Less: Accumulated Depreciation	Schedule G-2	(28,472,865)	(29,050,517)	(29,746,456)
5 Net Plant in Service		30,504,882	30,656,641	30,543,245
6 Additions:				
7 Materials & Supplies	Schedule G-4	-	-	-
8 Cash Working Capital	Schedule G-5	(91,000)	(91,000)	(91,000)
9		(91,000)	(91,000)	(91,000)
10 Deductions:				
Contributions in Aid of Construction and				
11 Customer Advances for Construction	Schedule G-6	-	-	-
12 Deferred Income Taxes	Schedule G-7	-	(103,981)	(206,019)
13 Investment Tax Credit		-	-	-
14		-	(103,981)	(206,019)
15 Total Rate Base		\$ 30,413,882	\$ 30,461,660	\$ 30,246,226

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

UTILITY PLANT IN SERVICE & ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Utility Plant in Service	\$ 58,977,747	\$ 58,977,747	\$ 59,707,158
2	Plus: Additions		869,853	625,000
3	Less: Retirements		(140,443)	(42,456)
4	Utility Plant in Service	<u>\$ 58,977,747</u>	<u>\$ 59,707,158</u>	<u>\$ 60,289,702</u>
5	Accumulated Depreciation	<u>(28,472,865)</u>	<u>(29,050,517)</u>	<u>(29,746,456)</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN  
NOTES TO RATE BASE ELEMENTS  
UTILITY PLANT ACQUISITION ADJUSTMENTS

LINE NO.	DESCRIPTION	DOCKET NO.	ORIGINAL	DATE	AMORTIZATION	PRESENT RATES		FTY	PRESENT RATES		FPFTY	PRESENT RATES	
			ACQUISITION ADJUSTMENT		PERIOD 20 YEARS	3/31/2021			3/31/2022			3/31/2023	
				CLOSED		BALANCE	AMORTIZATIONS		BALANCE	AMORTIZATIONS		BALANCE	

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

MATERIALS AND SUPPLIES

LINE NO.	MONTH	YEAR	BALANCE
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	-
12	February	2021	-
13	March	2021	-
14	Total		<hr/> \$ -
15	13 Month Average		\$ -
16	Allowance for Materials & Supplies		<hr/>
17	At 3/31/2022 and 3/31/2023		<hr/> <hr/> \$ -

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL SUMMARY

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Cash Working Capital - Expenses	Schedule G-5.2	\$ (7,000)	\$ (7,000)	\$ (7,000)
2	Cash Working Capital - Taxes	Schedule G-5.3	20,000	20,000	20,000
3	Cash Working Capital - Interest	Schedule G-5.4	(104,000)	(104,000)	(104,000)
4	Total Cash Working Capital Requirement		\$ (91,000)	\$ (91,000)	\$ (91,000)



AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN RECEIPT OF REVENUE

The time between rendering of a bill and receipt of payment is determined by dividing the average accounts receivable balances for the test year by the average daily billing as follows:

LINE NO.	MONTH (1)	YEAR (2)	BALANCE (3)
1	March	2020	\$ -
2	April	2020	-
3	May	2020	-
4	June	2020	-
5	July	2020	-
6	August	2020	-
7	September	2020	-
8	October	2020	-
9	November	2020	-
10	December	2020	-
11	January	2021	148
12	February	2021	148
13	March	2021	657,663
14	Total		<u>\$ 657,958</u>
15	Average Accounts Receivable Balance		\$ 50,612
16	Gross Utility Water Revenues recorded		
17	During the Twelve Months Ended 3/31/2021		<u>\$ 895,540</u>
16	Average Daily Billing	101 days	\$ 8,867
18	Lag in Receipt of Payment		5.7
19	Average Use Period (a)		15.2
20	Bill Issue Period		2.0
21	Lag Days in Receipt of Revenue		<u><u>22.9</u></u>

Reference:

(a) One-half of monthly billing period.

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF EXPENSES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Hourly Labor	\$ -	7.5	(a)	\$ -
2	Non-Union Labor	12,198	11.0	(b)	134,182
3	Management Fee	85,388	16.0	(d)	1,366,203
4	Electric Power	130,877	20.7	(c)	2,712,602
5					
6	Employee Group Insurance	7,319	16.0	(d)	117,104
7	Liability Insurance	8,051	(1.4)	(c)	(11,029)
8	SFI Postage	6,110	(8.0)	(c)	(48,642)
9	Pension	0	300.6	(c)	0
10	SFAS106	0	365.7	(e)	0
11	All Other Expenses (g)	1,561,613	25.5	(f)	39,821,124
12	Total	<u>\$ 1,811,556</u>			<u>\$ 44,091,543</u>
13	Average Lag Days in Payment of Expenses		<u>24.3</u>	Col 5, Row 12 / Col 2, Row 12	
14	Average Lag Days in Receipt of Revenues		<u>22.9</u>	Schedule G-5.1	
15	Average Lag Days between Payment of Expenses				
16	and Receipt of Revenue		<u>(1.4)</u>	[14] - [13]	
17	WORKING CAPITAL REQUIREMENT				
18	Pro-forma Annual Expense Per Day		\$ 4,963	Col 2, Row 12 / 365	
19	Cash Working Capital Required		\$ (6,948)	[16] * [18]	
20	USE		<u>\$ (7,000)</u>	* Rounded to nearest thousandth	

Reference:

- (a) Weekly payroll paid on Thursday for preceding weeks work.
- (b) Bi-weekly payroll paid on Thursday for the preceding two weeks work.
- (c) Calculated based on test year actual experience.
- (d) Based on normal payment schedule & Intercompany settlement (1st of each month)
- (e) Payment made last week of calendar year
- (f) Assumes service rendered on 15th of the month, paid 10th of the following month. (Same procedure as prior rate cases.)
- (g) Less annual uncollectible accounts expense and other non-cash items

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF TAXES

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	PA PUC - General Assessments	\$ 12,991	(197.5)	(a)	\$ (2,565,693)
2	OCA & SBA - General Assessments	5,279	(197.5)	(a)	(1,042,547)
3	Public Utility Realty Tax	-	(11.3)	(a)	-
4	Local, County, School, & Municipal Tax	-	(167.0)	(a)	-
5	FICA Taxes - Hourly	-	8.5		-
6	FICA Taxes - Executive & Exempt	-	12.0		-
7	Federal Unemployment Tax	-	75.0		-
8	PA Unemployment Tax	-	75.0		-
9	PA State Income Tax	(77,386)	45.2	(a)	(3,497,838)
10	Federal Income Tax	(146,422)	33.4	(a)	(4,890,489)
11	Total	<u>\$ (205,538)</u>			<u>\$ (11,996,567)</u>
12	Average Lag Days in Payment of Taxes		<u>58.4</u>	Col 5, Row 11 / Col 2, Row 11	
13	Average Lag Days in Receipt of Revenues		<u>22.9</u>	Schedule G-5.1	
14	Average Lag Days between Payment of Taxes				
15	and Receipt of Revenue		<u>(35.5)</u>	[13] - [12]	
16	<b>WORKING CAPITAL REQUIREMENT</b>				
17	Pro-forma Annual Tax Expense Per Day		\$ (563)	Col 2, Row 11 / 365	
18	Cash Working Capital Required		\$ 19,991	[15] * [17]	
19	USE		<u>\$ 20,000</u>	* Rounded to nearest thousandth	

Reference:

(a) The lag days are based on current tax regulation.

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CASH WORKING CAPITAL

CALCULATION OF LAG DAYS IN PAYMENT OF INTEREST

LINE NO.	ITEM	AMOUNT	LAG DAYS	Ref. #	DOLLAR DAYS
	(1)	(2)	(3)	(4)	(5)
1	Long Term Debt- Interest	\$ 557,441	91.3	(a)	\$ 50,866,501
2	PennVest-Interest	-	15.2	(b)	-
3	Total	<u>\$ 557,441</u>			<u>\$ 50,866,501</u>
4	Average Lag Days in Payment of Interest		<u>91.3</u>	Col 5, Row 3 / Col 2, Row 3	
5	Average Lag Days in Receipt of Revenues		<u>22.9</u>	Schedule G-5.1	
6	Average Lag Days between Payment of Interest				
7	and Receipt of Revenue		<u>(68.4)</u>	[5] - [4]	
8	<b>WORKING CAPITAL REQUIREMENT</b>				
9	Pro-forma Annual Interest Expense Per Day		\$ 1,527		
10	Cash Working Capital Required		\$ (104,463)		
11	USE		<u>\$ (104,000)</u>	* Rounded to nearest thousandth	

Reference:  
(a) Paid Semi-Annually  
(b) Paid Monthly

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND CUSTOMER ADVANCES FOR CONSTRUCTION (CAC)

LINE NO.	DESCRIPTION	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Customer Advances and Contributions In Aid Of Construction	\$ -	\$ -	\$ -
2	Plus: Contributions		-	-
3	Less: Amortization		-	-
4	Customer Advances and Contributions In Aid Of Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AQUA PENNSYLVANIA WASTEWATER, INC. - NEW GARDEN

NOTES TO RATE BASE ELEMENTS

DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	REFERENCE	PRESENT RATES 3/31/2021 AMOUNT	PRESENT RATES 3/31/2022 AMOUNT	PRESENT RATES 3/31/2023 AMOUNT
1	Deferred Income Taxes		\$ -	\$ -	\$ 103,981
2	Change in Deferred Tax	Schedule F-2		103,981	102,038
3	Deferred Income Taxes		<u>\$ -</u>	<u>\$ (103,981)</u>	<u>\$ (206,019)</u>